

# City of Kingsburg

1401 Draper Street, Kingsburg, CA 93631-1908  
(559)897-5821 (559)897-5568

Bruce Blayney  
Mayor

Michelle Roman  
Mayor Pro Tem

COUNCIL MEMBERS  
Ben Creighton  
Staci Smith  
Sherman Dix

Alexander J. Henderson  
City Manager

**WEDNESDAY  
APRIL 20, 2016**

**6:00 P. M.**

**KINGSBURG CITY COUNCIL CHAMBER  
1401 DRAPER STREET**

## **AGENDA**

### **JOINT MEETING OF THE KINGSBURG CITY COUNCIL AND THE CITY OF KINGSBURG FINANCE COMMITTEE**

Invocation to be given by Minister Johnie Thomsen of Young Life, followed by the Pledge of Allegiance led by Mayor Bruce Blayney.

#### **6:00 P.M. REGULAR MEETING**

- I. Call to Order and Roll Call for each entity. This meeting is a joint meeting of the Kingsburg City Council and the City of Kingsburg Finance Committee. During the joint meeting, the members of the Kingsburg City Council, who are also members of the City of Kingsburg Finance Committee will be concurrently sitting as the members of the City of Kingsburg Finance Committee and the Kingsburg City Council.**
- II. Public Comments** – This is the time for any citizen to come forward and address the City Council for the City of Kingsburg and the City of Kingsburg Finance Committee on any issue within the jurisdiction of the City of Kingsburg. A maximum of five minutes is allowed for each speaker.
- III. Approve Agenda** – Action by the City Council and the Finance Committee to approve the agenda or to make modifications. Note: The type of items that can be added to the agenda is constrained by State law.

**(NOTE: Next City Resolution No. 2016-22 -- Next City Ordinance No. 2016-003)**

- IV. a. Consent Calendar (City Council Item)** – Items considered routine in nature are to be placed on the Consent Calendar. They will be considered as one item and voted upon in one vote unless individual consideration is requested. Each vote in favor of the Consent Calendar is considered and recorded as a separate affirmative vote in favor of each action listed, except where the item specifically notes a prior recorded opposition or abstention,

in which case the present affirmative vote on the Consent Calendar is considered and recorded as reaffirming that prior opposition or abstention. Approval of Consent Calendar items includes recitals reading ordinance(s) by title(s) only and adoption of recommended action(s) contained in staff reports.

1. **Approval of City Council Minutes** – Approve the minutes from the regular meeting held on April 6, 2016 as prepared by City Clerk Abigail Palsgaard.
2. **Approval of Resolution 2016-021 Authorizing submittal of Application for Payment Programs and Related Authorizations-** Approve Resolution 2016-021 allowing the City of Kingsburg to submit an application to CalRecycle for any and all payment programs offered and approve the City Manager or his/her designee to execute all documents necessary to implement and secure payment.

**b. Pulled Consent Calendar Items:**

**V. REGULAR CALENDAR**

1. **Crime Statistics report for the Month of March 2016** – Prepared by Kingsburg Police Department Records Supervisor Corina Padilla.

Possible Action(s):

- a. Presentation by Chief of Police Neil Dadian
- b. Council Discussion
- c. Informational- No Action Necessary

2. **Commission Funds Expenditure Requests for painting the Memorial Park Light Poles, Movie Screen and Drinking Fountain for the Dog Park** – Consider Staff Report prepared by Community Services and Senior Citizens Coordinator Ashlee Winslow-Schmal.

Possible Action(s):

- a. Presentation by Community Services and Senior Citizens Coordinator Ashlee Winslow-Schmal
- b. Council Discussion
- c. Approve the Expenditure Requests

3. **Discussion of Allowing Chickens within the City Limits (City Council Item)** – Consider Staff Report prepared by City Clerk Abigail Palsgaard

Possible Action(s):

- a. Presentation by City Manager Alex Henderson
- b. Council Discussion
- c. Action Deemed Appropriate

**4. Financial Policy Update – Consider Staff Report prepared by City Manager Alex Henderson**

Possible Action(s):

- a. Presentation by City Manager Alex Henderson
- b. Council and Finance Committee Discussion
- c. Action Deemed Appropriate (City Council Vote)

**5. Capital Improvement Discussion – Consider Staff Report prepared by City Manager Alex Henderson**

Possible Action(s):

- a. Presentation by City Manager Alex Henderson
- b. Council and Finance Committee Discussion
- c. Action Deemed Appropriate (City Council Vote)

**6. Council Reports and Staff Communications**

- a. Community Services Commission –
- b. Public Safety Committee –
- c. Chamber of Commerce –
- d. Economic Development –
- e. Finance Committee –
- f. Planning Commission –
- g. City Manager's Report –

**7. Other Business as May Properly Come Before the City Council**

**8. Adjourn Joint Kingsburg City Council and Finance Committee Meeting**

Any writings or documents provided to a majority of the Kingsburg City Council regarding any item on the agenda will be made available for public inspection in the City Clerks office located at 1401 Draper Street during normal business hours.
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**KINGSBURG CITY COUNCIL  
REGULAR MEETING MINUTES  
APRIL 6, 2016**

**CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:**

**CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION**

California Government Code Section 54956 (a)

Name of Case: City of Kingsburg vs. The Dow Chemical Company, et.al.

County of San Francisco Superior Court Case No. CGC-13-534431”

**Council Members present:** Ben Creighton, Staci Smith, Sherman Dix, Mayor Pro Tem Michelle Roman and Mayor Bruce Blayney

**Council Members absent:** None.

**City Staff present:** City Manager Alex Henderson, City Attorney Michael Noland, and City Clerk Abigail Palsgaard.

Invocation was given by Pastor Jeff Nathan of The Refinery, followed by the Pledge of Allegiance led by Mayor Bruce Blayney.

**6:00 P.M. REGULAR MEETING**

**Call to Order:** Mayor Blayney called the Regular Meeting of the Kingsburg City Council to order at 6:07pm.

City Attorney Michael Noland announced that during Closed Session City Council approved a Settlement Agreement and Release with one of the defendants of the existing litigation, FMC Corporation.

**Public Comments:**

Conni Delinger, 1360 19<sup>th</sup> Avenue, said she has two requests for the upcoming Budget. She asked for a Traffic Control Officer. She said there are people speeding down Draper and it is dangerous. Second, she said, an Animal Control Officer. She said there is already a kennel at City Yard and that volunteers can help.

**Approve Agenda:** A motion was made by Council Member Roman, seconded by Council Member Creighton to approve the agenda, as published. The motion carried by unanimous voice vote.

**Consent Calendar:** A motion was made by Council Member Dix, seconded by Council Member Smith to approve the agenda, as published. The motion carried by unanimous voice vote.

1. **Approval of City Council Minutes** – Approve the minutes from the regular meeting held on March 16, 2016 as prepared by City Clerk Abigail Palsgaard.
2. **Treasurer’s Report**– Approve the Treasurer’s Report as of February 29, 2016 as prepared by Finance Director Maggie Moreno.

3. **Check Register**– Ratify/approve payment of bills listed on the check register for the period February 25, 2016 through March 31, 2016 as prepared by Accounts Payable Clerk Grace Reyna.
4. **Approval of Resolution 2016-018 In Support of Fresno Housing Authority's Marion Villas Senior Housing Project, 1600 Marion Street**- Approve Resolution 2016-018 which supports Fresno Housing Authority's Marion Villas Senior Housing Project, 1600 Marion Street.
5. **Approval of Resolution 2016-019 and 2016-020 for Budget Amendments for the 2015/2016 Fiscal Year**- Approve Resolution 2016-019 and 2016-020 for City Manager Compensation and the Ambulance Fund for the 2015/16 Fiscal Year.

**Pulled Consent Calendar Items:** None.

## **REGULAR CALENDAR**

### **State Center Community College District Bond Presentation**

Stephanie Curry of the State Center Community College District introduced herself, Vice President of Instruction Jan Dekker, and two Reedley College students, Eduardo and Sandra. Ms. Curry said Measure C positively affects communities in the entire district, including Kingsburg.

Vice President of Instruction Jan Dekker said 25 years ago he came to the US from the Netherlands to teach chemistry. He said Reedley College creates pathways for vocational and education fields and at \$46 per unit, it is very affordable. He said they are always focused on student's success and they are working on increasing access. He spoke about the Forestry Department and the dual enrollment with high schools. He said they have created a partnership with Fresno County Rural Transit Agency. He talked about a K through 16 pipeline initiative with Fresno State to have a path from kindergarten to college. Mr. Dekker spoke about completed facilities and projects.

Mr. Dekker discussed the bond passed in 2002 for \$161 million. From it he said they got new classrooms and fixed existing classrooms. They also updated the Student Center. He said the current bond Measure C is for \$485 million, \$18.50 per \$100,000 on property taxes. He said they would like to improve and extend the Sciences, Tech, Engineering & Math (STEM) field area and build a center for fine and performing arts. He also spoke of an Ag research facility since they have 300 acres. He said they are working on planning to make wine like Fresno State. They then provided a video from YouTube advertising the State Center Community College Bond Measure C.

Students Sandra and Eduardo spoke about how great the programs at Reedley College are and that they think it will be great for future students to have better facilities and programs.

Eduardo spoke about being a STEM ambassador to teach the middle school and high school. And that Reedley College helps open up young eyes to new careers. He spoke about the proposed art facility and that art is a good stress reliever. Having an art center will be amazing. He said although the Ag building is really old, lots of students enjoy the vocational agriculture classes.

Ron Nishinaka, who was sitting in the audience and came to the podium, thanked the City of Kingsburg for their past and continued support. He spoke about numerous former students that are now members of this community

**Capital Improvement Update for the Several Projects that are Currently in Progress**

City Engineer Dave Peters spoke about projects that have been completed, are in progress, and are upcoming for the City.

**Council Reports and Staff Communications**

Community Services Commission

Council Member Roman said they met on Monday and discussed the funds that are left. She said there is painting going on at the band stand at Memorial Park. Also that the shade structure is purchased but not up yet. She said they are looking at painting the light poles at Memorial Park. She spoke about the Pop Up Skate Park at the Swedish Festival.

Public Safety Committee

Council Member Creighton said they will meet next Tuesday. He spoke about the Klass Kids Print-a-thon on April 30, 2016 from 10am-2pm at the Fire Department and the Downtown Park.

Chamber of Commerce

Council Member Smith spoke about the Car show coming up next weekend on April 16<sup>th</sup> and the Swedish Festival the 3<sup>rd</sup> weekend in May.

Economic Development Committee

City Manager Alex Henderson said they are meeting next Thursday.

Finance Committee

City Manager Alex Henderson said they are meeting jointly on 4/20/216 with City Council.

Planning Commission

Mayor Blayney said they are meeting next Thursday.

City Manager's Report

Alex Henderson said the Lion's Club is looking to repaint and replace the stalls and fixtures in the downtown park. He said the Beautification Committee is looking to re-do the median in front of Walgreens. Mr. Henderson reported on the 52% water use conservation for March 2016 compared to March 2013. He said there were 3 housing allocations applications and that they will go in front of the Planning Commission and then City Council. Council Member Dix asked about how many. Mr. Henderson said about 200-240 homes.

**Other Business as May Properly Come Before the City Council**

Council Member Roman said save the date of September 24<sup>th</sup> for the Train Depot Opening Ceremony from 12-4pm.

Kingsburg City Council  
Regular Meeting Minutes  
April 6, 2016

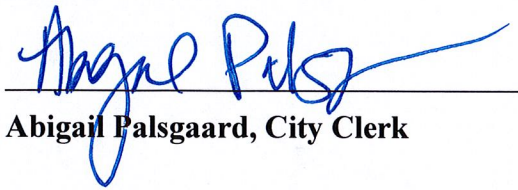
Council Member Smith presented an autographed picture from Lincoln School to Mayor Blayney thanking him for speaking about being a Mayor and City Government.

City Manager Henderson said the next City Council Meeting, April 20, 2016, will be a Joint Meeting with the Finance Committee.

**Adjourn Kingsburg City Council Regular Meeting**

Kingsburg City Council Regular Meeting was adjourned at 6:57pm.

Submitted by:

A handwritten signature in blue ink, appearing to read "Abigail Palsgaard", is written over a horizontal line. The signature is fluid and cursive.

**Abigail Palsgaard, City Clerk**

**RESOLUTION NO. 2016-021**

**RESOLUTION AUTHORIZING SUBMITTAL OF APPLICATION FOR PAYMENT PROGRAMS  
AND RELATED AUTHORIZATIONS**

**WHEREAS**, pursuant to Public Resources Code sections 48000 et seq., 14581, and 42023.1(g), the Department of Resources Recycling and Recovery (CalRecycle) has established various payment programs to make payments to qualifying jurisdictions; and

**WHEREAS**, in furtherance of this authority CalRecycle is required to establish procedures governing the administration of the payment programs; and

**WHEREAS**, CalRecycle's procedures for administering payment programs require, among other things, an applicant's governing body to declare by resolution certain authorizations related to the administration of the payment program.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Kingsburg is authorized to submit an application to CalRecycle for any and all payment programs offered; and

**BE IT FURTHER RESOLVED** that the City Manager, or his/her designee, is hereby authorized as Signature Authority to execute all documents necessary to implement and secure payment; and

**BE IT FURTHER RESOLVED** that this authorization is effective until rescinded by the Signature Authority or this governing body.

\*\*\*\*\*

I, Abigail Palsgaard, City Clerk of the City of Kingsburg, do hereby certify that the foregoing resolution was duly passed and adopted at a regular meeting of the Kingsburg City Council held on the 20th day of April 2016, by the following vote:

Ayes:	Council Member(s):
Noes:	Council Member(s):
Absent:	Council Member(s):
Abstain:	Council Member(s):

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Abigail Palsgaard, City Clerk  
City of Kingsburg

**Kingsburg Police Department**  
**Crime and Activity Report**  
**March 2016**

**Part I Offenses:****Number of Offenses Reported**

Murder			0
Rape-Forcible			0
Robbery			0
Assaults			5
Burglary			16
Theft			10
Auto Theft			5
<b>Total</b>			<b>36</b>

<b>Arson</b>			0
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**Other Offenses:**

Vandalism			13
Sex Offense			0
Child Abuse			0
Narcotic Violations			1
Other Felonies			3
Other Misdemeanors			1
Incident Reports			39
<b>Total</b>			<b>57</b>

**Other Statistics:**

Traffic Accident-Fatal			0
Traffic Accident-Injury			4
Traffic Accident-No Injury			5
<b>Total</b>			<b>9</b>

<b>Calls for Service</b>			<b>940</b>
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**Citation Summary:**

		Vehicle Code	28
		Penal Code	1
<b>Arrests</b>		Health & Safety	1
Felony Adults	6	Municipal Code	4
Misdemeanor Adults	20	Other	0
Felony Juveniles	0	Parking	1
Misdemeanor Juveniles	1	<b>Total</b>	<b>35</b>
<b>Total</b>	<b>27</b>		

**Volunteer Hours:**

Public Safety Volunteer	30
Police Intern	82.5

**Kingsburg Police Department**  
 Crime and Activity Report  
 MARCH 2015

<u>Number of Offenses Reported</u>	
<b>Part I Offenses:</b>	
Murder	0
Rape-Forcible	0
Robbery	0
Assault-Aggravated	2
Assault-Simple	4
Burglary	20
Theft	17
Auto Theft	4
<b>Total</b>	<b>47</b>

<b>Arson</b>	<b>0</b>
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<b>Part II Offenses:</b>	
Vandalism	7
Sex Offense	0
Child Abuse	1
Narcotic Violations	3
Runaways	0
Other Felonies	4
Other Misdemeanors	1
Incident Reports	45
<b>Total</b>	<b>61</b>

<b>Other Statistics:</b>	
Traffic Accident-Fatal	0
Traffic Accident-Injury	0
Traffic Accident-No Injury	10
<b>Total</b>	<b>10</b>

<b>Calls for Service</b>	<b>1175</b>
<b>Ambulance Request</b>	<b>24</b>
<b>Fire Calls</b>	<b>5</b>

<b>Animal Control</b>	
Calls for Service	34
Bites	1
Impounds	1
Claimed by Owner	0

<b>Arrests</b>	
Felony Adults	10
Misdemeanor Adults	8
Felony Juveniles	0
Misdemeanor Juveniles	2
<b>Total</b>	<b>20</b>

<b>Citation Summary:</b>	
Vehicle Code	19
Penal Code	1
Health & Safety	2
Municipal Code	3
Other	0
Parking	3
<b>Total</b>	<b>28</b>

**Kingsburg Police Department**  
 Crime and Activity Report  
 February 2016

<b>Part I Offenses:</b>			<b>Number of Offenses Reported</b>
Murder			0
Rape-Forcible			0
Robbery			2
Assault-Aggravated			1
Burglary			13
Theft			7
Auto Theft			11
<b>Total</b>			<b>34</b>

<b>Arson</b>			0
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<b>Other Offenses:</b>			
Domestic Violence			9
Vandalism			15
Sex Offense			1
Child Abuse			0
Narcotic Violations			6
Other Felonies			6
Other Misdemeanors			4
Incident Reports			28
<b>Total</b>			<b>69</b>

<b>Other Statistics:</b>			
Traffic Accident-Fatal			0
Traffic Accident-Injury			2
Traffic Accident-No Injury			5
<b>Total</b>			<b>7</b>

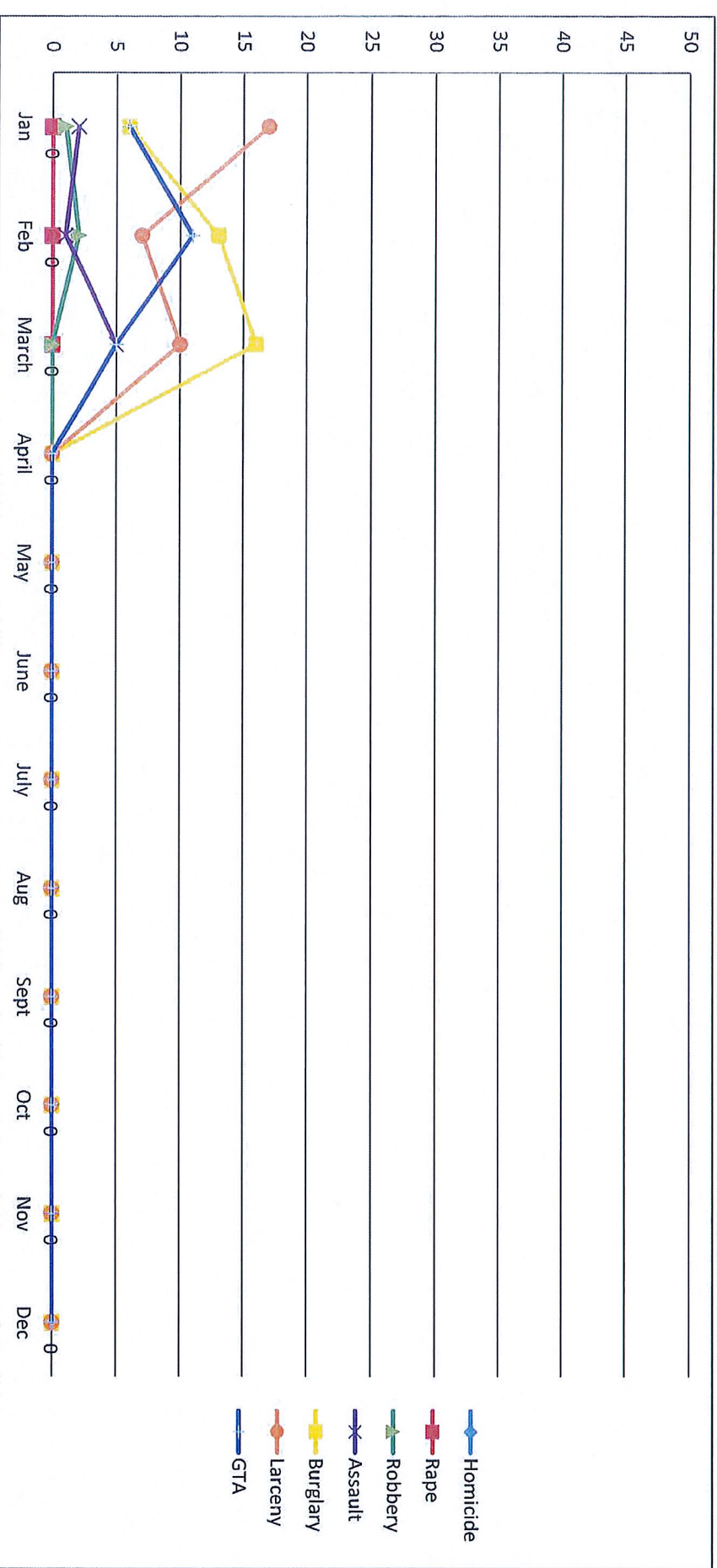
<b>Calls for Service</b>			<b>1055</b>
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			<b>Citation Summary:</b>
			Vehicle Code 33
			Penal Code 6
			Health & Safety 4
			Municipal Code 3
			Other 0
			Parking 3
			<b>Total 49</b>
<b>Arrests</b>			
Felony Adults	8		
Misdemeanor Adults	25		
Felony Juveniles	0		
Misdemeanor Juveniles	3		
<b>Total</b>	<b>36</b>	<b>Total</b>	

<b>Volunteer Hours:</b>		
Public Safety Volunteer		47
Police Intern		6

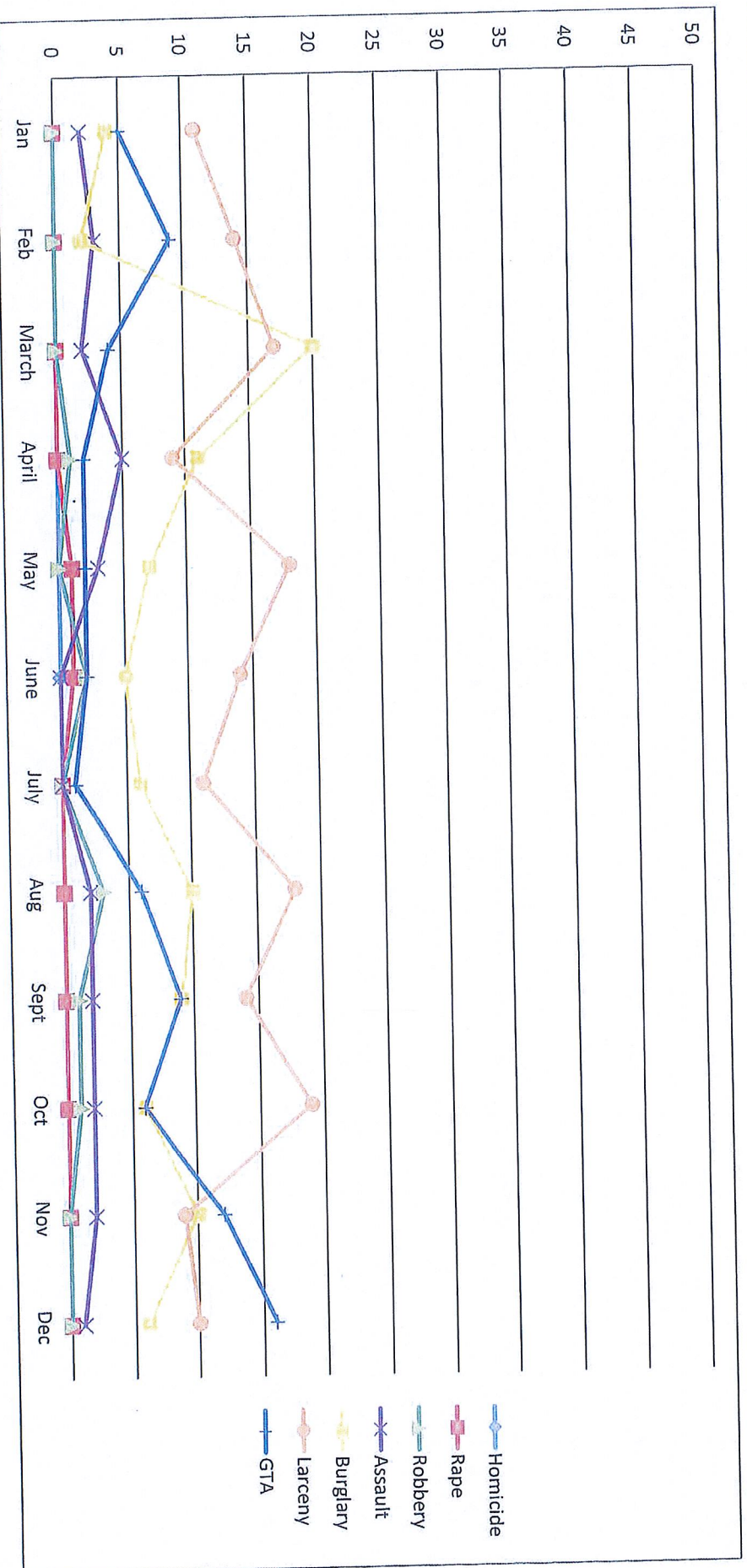
Kingsburg Police Department  
2016 Part I Crimes

Part I Crimes	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Homicide	0	0	0	0	0	0	0	0	0	0	0	0	0
Rape	0	0	0	0	0	0	0	0	0	0	0	0	0
Robbery	1	2	2	0	0	0	0	0	0	0	0	0	3
Assault	2	1	1	5	0	0	0	0	0	0	0	0	8
Burglary	6	13	13	16	0	0	0	0	0	0	0	0	35
Larceny	17	7	11	10	0	0	0	0	0	0	0	0	34
GTA	6	11	5	5	0	0	0	0	0	0	0	0	22
Total	32	34	36	0	0	0	0	0	0	0	0	0	102



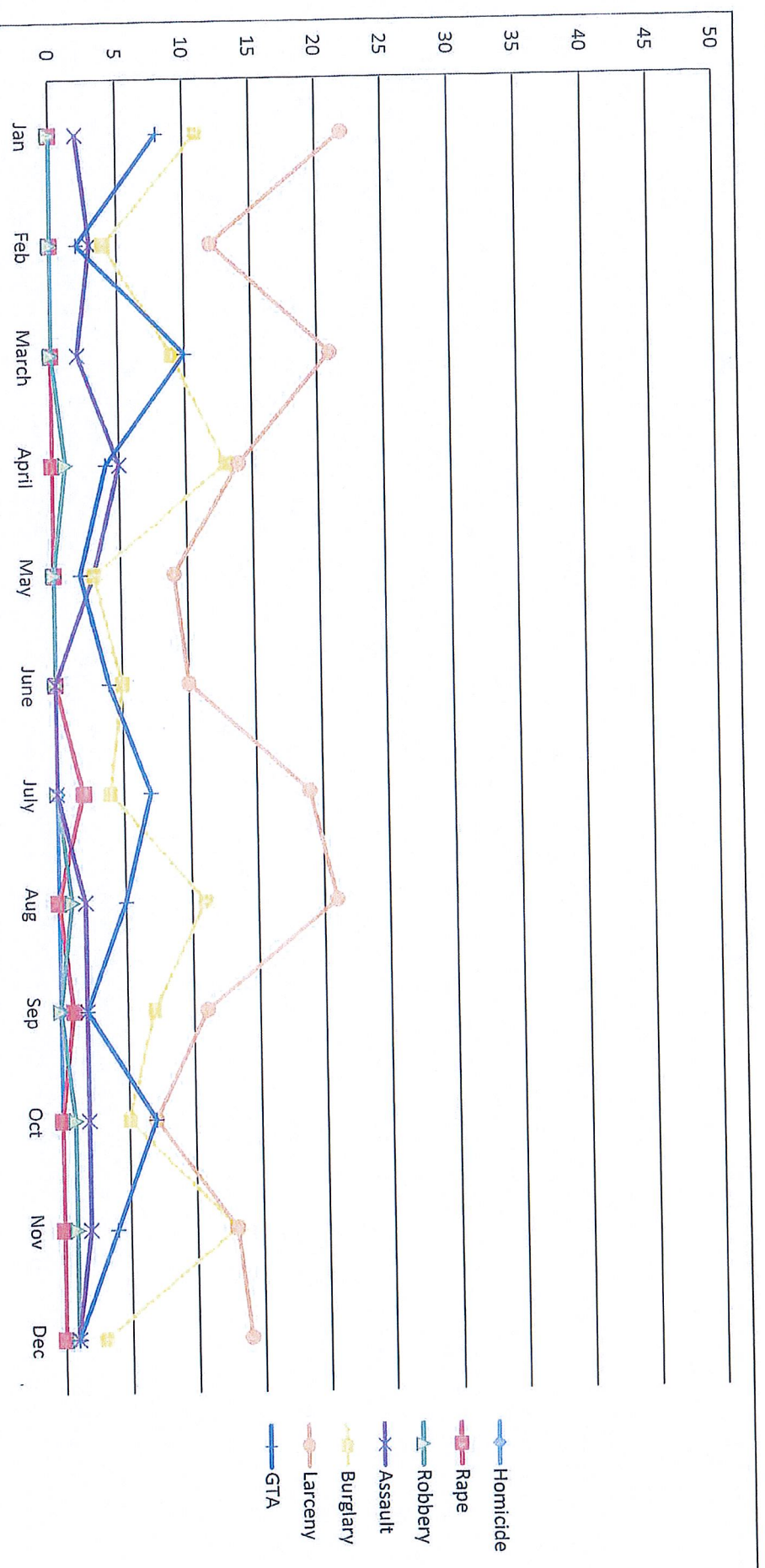
# Kingsburg Police Department 2015 Part I Crimes

Part I Crimes	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Homicide	0	0	0	0	0	0	0	0	0	0	0	0	0
Rape	0	0	0	0	0	1	1	0	0	0	0	0	2
Robbery	0	0	0	0	1	0	2	0	3	1	1	0	8
Assault	2	3	2	2	5	3	0	0	2	2	2	1	24
Burglary	4	2	2	20	11	7	5	6	10	9	6	10	96
Larceny	11	14	14	17	9	18	14	11	18	14	19	9	164
GTA	5	5	9	4	2	2	2	1	6	9	6	12	74
Total	22	28	28	43	28	31	24	18	39	35	34	33	368



Kingsburg Police Department  
2014 Part I Crimes

Part I Crimes	Jan	Feb	March	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Homicide	0	0	0	0	0	0	0	0	0	0	0	0	0
Rape	0	0	0	0	0	0	0	2	0	1	0	0	3
Robbery	0	0	0	0	1	0	0	0	1	0	1	1	5
Assault	2	3	3	2	5	3	0	0	2	2	2	2	24
Burglary	11	4	4	9	13	3	5	4	11	7	5	13	88
Larceny	22	12	12	21	14	9	10	19	21	11	7	13	173
GTA	8	2	2	10	4	2	4	7	5	2	7	4	56
Total	43	21	42	37	17	19	32	40	23	22	33	20	349





Meeting Date: 04/20/2016  
Agenda Item: V 2

## CITY COUNCIL MEETING STAFF REPORT

REPORT TO: Mayor and Kingsburg City Council

REVIEWED BY:

REPORT FROM: Ashlee Winslow – Schmal  
Community Services and Senior Citizens Coordinator

AGENDA ITEM: Commission Funds – Expenditure Request

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☒ Motion ☐ Receive/File

### EXECUTIVE SUMMARY

For the 2015/2016 budget year, the City Council awarded the Community Services Commission \$45,000.00 to spend on projects they felt needed attention. The caveat was they needed to request permission from the Council prior to actual use of the funds.

At the March 2<sup>nd</sup> meeting, the Council approved the Commission to spend funds for the following projects:

1. Pop – Up Skate Park at the Kingsburg Swedish Festival – Total: \$8,073.00
2. Dog Park Shade Structure – Total: \$2,489.18
3. Painting of the Memorial Park Stage and Restrooms – Total: \$4,100.00

After the completion of these items, the Commission has a remainder of \$26, 076.19.

At the last Community Services Commission, the Commission decided to request the following items to be purchased:

1. **Painting of the Memorial Park Light Poles – to match the stage:** Commission authorized the project on the contingency that it does not cost more than \$5,000.00 to do the project.

Actual cost: \$2,200.00.

2. **Movie Screen for Movies in the Park:** the Commission authorized staff to purchase the movie screen system, as long as the cost did not exceed \$6,500.00.

Actual cost: \$5,145.23.

3. **Drinking fountain for the dog park:** the Commission authorized Melissa Bethel to purchase the drinking fountain, which she can purchase at cost through her work, as long as it did not exceed \$4,000.00.

Staff will also be working to obtain a cost estimate on the installation of the drinking fountain.

**RECOMMENDED ACTION BY CITY COUNCIL**

1. Approve the expenditure request and direct staff to move forward with these projects.

**POLICY ALTERNATIVE(S)**

1. The Council can deny the continuation of these projects and direct staff and Commission in a direction the Council would like to see these funds spent.

**REASON FOR RECOMMENDATION/KEY METRIC**

1. The Commission wants to utilize the funds they have been given by Council in the most productive way possible. At the next Commission meeting, the Commission will be looking at using the remaining funds to do some additional work to the Dog Park.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- |                              |                    |
|------------------------------|--------------------|
| 1. Is There A Fiscal Impact? | Yes                |
| 2. Is it Currently Budgeted? | Yes                |
| 3. If Budgeted, Which Line?  | 001-2800-529.57-01 |

**PRIOR ACTION/REVIEW**

None.

**BACKGROUND INFORMATION**

None.

**ATTACHED INFORMATION**

1. Sales Quote – Open Air Cinema
2. Sales Quote – Painting the Light Poles



## Sales Quote

Creation Date: April 5, 2016

Expiration Date: May 1, 2016

Prepared By: Malee Williams  
sales@openaircinema.us  
(866) 324-3229

Name: Ashlee Winslow  
Email: aschmal@cityofkingsburg-ca.gov  
Organization: City of Kingsburg  
Phone (work): (559) 897-6549  
Phone (cell): (559) 381-9369  
1401 Draper St. Kingsburg, CA 93631  
Shipping Address: United States  
Billing Address: 1401 Draper St. Kingsburg, CA 93631  
United States  
In Stock / Lead Time: In Stock  
Payment Type: Credit Card, Check, P.O.

Product	Quantity	Product Components / Description	List Price	Discount
16' Home Cinebox System	1	16' Home Screen (16'x9' projection surface) Durable Lightweight Nylon Construction Air Blower Screen Carry Bag Tie Down Screen Straps Twist Stakes 1 Year Warranty Setup Guide <i>Optoma Projector 1080p HD 4700 Lumens (EH500)</i> <i>(upgrade)</i> Cinebox System includes: Blu-ray Player 4 Channel Audio Mixer Padded Case <i>(2) 1,000 Watt Mackie Thump 12" Speakers</i> <i>(upgrade)</i> <i>(2) Speaker Stands w/ bags</i> <i>(2) 50' Audio Cables</i> Free Online Tech Support Manufacturer's Warranty on Electronics	\$7,227.98	-\$2,228.98

Open Air Cinema LLC  
www.openaircinema.us  
806 N 2800 W  
Lindon, UT 84042  
Phone: 866-324-3229  
Fax: 385-233-5210

Subtotal \$4,999.00  
Tax \$0.00  
Shipping Cost \$146.23  
Grand Total \$5,145.23

**From:** Bryan [mailto:bryankngsbrg@aol.com]

**Sent:** Sunday, April 10, 2016 11:06 AM

**To:** aschmal@cityofkingsburg-ca.gov

**Subject:** Memorial Park Light Poles

Hi Ashley,

Just getting back to you in regards to painting light poles in the park.

I think we can paint them for \$200.00/pole. Some need more work than others.

We counted 11 + the May Pole located near the fountain. Total would be \$2,200.00

They will be painted with an oil based rust inhibitive semi-gloss finish.

Color to match trim on amphitheater. Should be able to finish them before the Swedish Festival.

FYI Exterior of amphitheater is complete, Should have restrooms finished by 04/15/16.

Just let me know if you want us to proceed with poles.

Bryan,

559 897-3321

559 916-0650

[bryankngsbrg@aol.com](mailto:bryankngsbrg@aol.com)



Meeting Date: 04/20/2016  
Agenda Item: V 3

## CITY COUNCIL MEETING STAFF REPORT

REPORT TO: Mayor Blayney & City Council

REPORT FROM: City Clerk Abigail Palsgaard

REVIEWED BY:

*Handwritten signature*  
*4/14/16*

AGENDA ITEM: Discussion of Allowing Chickens within the City Limits

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☐ Motion ☒ Receive/File

### EXECUTIVE SUMMARY

Kingsburg residents have recently shown an interest allowing chickens inside of the city's boundaries. Individual resident requests are driving this policy discussion. There has been an overall interest in urban homesteading, self-reliance and organic food movement in the past decade and having chickens for egg production is a part of that movement. Currently the City of Kingsburg does not allow poultry to be kept in violation of applicable zoning regulations (6.04.050 C.).

There are currently 5 local central valley cities that do allow urban chickens; Exeter, Woodlake, Lindsay, Farmersville and Madera. Please see the below spreadsheet for the individual rules for each city. There are over 90 cities in California that allow chickens within their city limits. There are some reoccurring trends in these Cities' Code:

- Most do not allow roosters as they are noisy.
- Limits of how many chickens either per residences or per square footage of the parcel.
- Mandatory chicken coops or pens placed in the back area of the residence.
- Mandatory distance of coop from neighboring structures.
- Permits for chickens, some at a cost.
- Fines and citations for noise, sanitation issues and animals at large.

Some of the cons for allowing chickens within the city are:

- Odor- Without proper disposal or composting of waste, chicken coops can produce an unwanted odor.
- Noise- Most cities outlaw having roosters, but hens are also known to squawk while laying eggs (for usually about 5 minutes and at a much lower decibel than a barking dog).
- Chickens at large- Without an established animal control officer, city resources would be used to monitor residents who have chickens and to also respond to chickens at large calls.
- Perception of possibility of disease- There are worries of salmonella and avian influenza in chickens. Through research proper handwashing after handling eggs eliminates salmonella. Avian influenza is not usually found in small backyard chickens, but in large chicken farms.

Some of the pros for allowing chickens within the city are:

- Being located in the heart of the Central Valley, Kingsburg has deep roots in agriculture. By allowing families to have hens for egg production the children will be able to see where food comes from and learn the responsibility of animal husbandry on a small, controllable scale.
- Local production allows families to have some control over their food production and consumption.
- Lowering household waste- kitchen scraps can be used as chicken feed, lowering the amount of waste produced by a resident.
- Chicken manure can composted and used in gardens.
- Allows residents to become self-reliant and to be able to raise their own food. There is a growing trend of people wanting to consume local products and to be able to produce their food.

On June 1, 2015 Visalia City Council voted 3-2 against approving chickens within the city limits. They spoke of the concern of homeowners not taking care of the coops, causing unwanted smells.

Exeter City Manager Randy Groom is quoted saying that in the past two years since urban chickens were allowed "We've had virtually no complaints." (Fresno Bee article, 5/26/2015).

With a quick google search there are dozens of new municipal ordinances nationwide allowing for chickens within city limits. Noise and odor problems are addressed by limiting the amount of chickens per parcel. Inoculations are also suggested for birds, but with proper hygiene, disease should not be an issue.

**Chart of individual chicken regulations per city:**

<b>CITY</b>	<b>Number of Chickens allowed</b>	<b>Mandated enclosure regulations</b>	<b>Additional mandated regulations and penalties</b>
Farmersville	4 hens per residence.	Coop or pen	\$125 per chicken fine if over the limit. If animals found at large owner permanently forfeit their right to keep animals
Madera	3 livestock animals per residence.	Enclosed pen	Must be kept in a sanitary manner. If animals are creating a nuisance- hearing process if they need to be removed. Animal owner pays a fee for hearing.
Lindsay	Not specified.	Cannot be at large	Fines for being a nuisances and/or being at large.
Exeter	10 birds per residence.	Cages, hutches or coops	Clean and sanitary and in the rear yard area.
Woodland	6 chickens or pigeons per person	Clean and sanitary pen	40 feet from all residences. Shall not cause a health or nuisance problem.

### **RECOMMENDED ACTION BY CITY COUNCIL**

1. Provide direction on policy pertaining to the keeping of chickens within City limits.

### **FINANCIAL INFORMATION**

#### **FISCAL IMPACT:**

- |                              |          |
|------------------------------|----------|
| 1. Is There A Fiscal Impact? | Possible |
| 2. Is it Currently Budgeted? | No       |
| 3. If Budgeted, Which Line?  | No       |

### **ATTACHED INFORMATION**

1. Kingsburg City Code 6.04.050
2. Farmersville City Code Section 6
3. Madera City Code Section 5-1.31 through 5-1.36
4. City of Lindsay City Code Chapter 6.12
5. City of Exeter City Code Chapter 6.16
6. City of Woodland City Code Section 3-4-3
7. Article "Development Regulations for Keeping Urban Chickens" by Dr. Jacquie Jacob, University of Kentucky (extension.org)
8. Visalia Times Delta Article "Public invited to discuss Visalia's chicken rules" by David Castellon, dated May 8, 2015.
9. Fresno Bee Article "Urban Farmers want Visalia to allow backyard chickens" by Lewis Griswold, dated May 26, 2015.

6.04.050 - Maintaining other animals.

- A. Every person owning, keeping or maintaining an exotic animal shall so maintain said animal that it does not constitute a threat of physical harm to persons, property or other animals or an annoyance to persons by loud noises or odors.
- B. As used herein "exotic animal" means any species of animal not normally kept as a domesticated household pet and includes, but is not limited to, snakes, wolves, lions, etc.
- C. Other domesticated animals shall not be kept in violation of applicable zoning regulations.  
"Domesticated animals" as used herein means livestock and poultry and similar animals.

(Ord. 443 (part), 1986: prior code § 47-1004)

Attachment 1

Domestic livestock shall be permitted to be kept within the city. There shall be no more than four hens per residence within the city. All animals shall be contained within a coop or pen of proper size and construction and shall not run at large. Owners shall comply with Sections 6.01.210, 6.01.215 and 6.01.240(E) of this chapter. Any person violating this section shall be guilty of an infraction punishable by a mandatory minimum fine of one hundred twenty-five dollars per animal over the allowed limit. Any domestic livestock found at large shall result in the owner permanently forfeiting the keeping of such animals.

(Ord. 420 (part), 2006)

Attachment 2.

§ 5-1.31 LIVESTOCK.

(A) Livestock kept within areas of the city limits must be kept according to the following. This would include, but not be limited to horses, mules, burros, pigs, cows, sheep, goats, chickens, ducks, rabbits:

(1) No more than three may be kept at any one location, or as determined by other applicable city ordinance or the Planning Commission.

(2) Animals must be contained in an enclosed pen, which must be enclosed on all sides including the top where required to keep such livestock contained and not permitted to wander loose.

(3) Animal pens must be maintained in a sanitary manner, so as not to cause a health hazard or odor problem.

(4) Any such animals creating a public nuisance, such as complaints received of noise shall be subject to a hearing process to determine if said animals must be removed from the city limits. Such hearing by designated persons will be held as specified in § 5-1.33.

(5) No such animals shall be slaughtered, butchered or killed in residential areas, or in commercial areas not authorized for this purpose.

(B) This section shall not apply to any properties that are zoned or used for agricultural or industrial purposes.

(Ord. 686 C.S., passed 7-15-98)

§ 5-1.32 EXOTIC PETS, WILDLIFE RESCUE PROGRAMS.

Exotic pets include, but are not limited to, snakes, turtles, monkeys, chinchilla and other unusual animals, or animals being cared for as a result of wildlife rescue programs. Any persons operating a wildlife rescue program within the city limits must file copies of applicable permits from state and federal agencies with the Abatement and Compliance Division.

(A) Animals considered to be exotic pets or wildlife must be contained in such a structure or housed in such a manner as to prevent their escape. Owners of exotic pets which escape and require the services of the Animal Control Officer to capture will be charged all applicable fees as set by resolution of the City Council and subject to revision as needed, related to those services, in addition to any fines applicable, or fees for damages caused to public properties.

(B) Any exotic pets or wildlife maintained by those persons which require special permits from state or federal agencies will be required to file those permits with the Abatement and Control Division of the city and pay any applicable fees. Persons maintaining those types of animals may be required to obtain local permits to maintain these animals within the city limits. Housing for such animals may be subject to inspection and approval by the Animal Control Officer before local permits may be issued. Any pet or animal under this section which escapes shall be subject to obtaining a permit for keeping the animal in the city limits. Fees for these permits and associated administrative costs shall be as set by resolution of the City Council and subject to revision as needed.

(Ord. 686 C.S., passed 7-15-98)

§ 5-1.33 APPEALS HEARING PROCESS.

There shall be a board consisting of the Community Development Director and the Auxiliary Services Supervisor or other designated person(s) who will hear appeals on enforcement actions taken under this chapter. Request for appeals must be filed in writing by the owner or custodian of the animal with the Auxiliary Services Supervisor within two days of the action. If the owner or custodian of an animal desires to appeal a decision of the hearing board, they may do so to the City Administrator within two days of the determination. A non-refundable administrative fee

must be paid at the time the request for this hearing is filed. This fee shall be as set by resolution of the City Council and subject to revision as needed.

(Ord. 686 C.S., passed 7-15-98; Am. Ord. 686 C.S., passed 7-15-98; Am. Ord. 840 C.S., passed 6-18-08)

§ 5-1.34 ANIMALS TO BE CURBED.

Should any dog, cat or other animal defecate on any public property or on the private property of any person, the person owning or having custody of the animal shall immediately remove the feces from any such place to a site not prohibited by law. A violation of this section is an infraction.

(Ord. 840 C.S., passed 6-18-08)

§ 5-1.35 CAGE AND PEN REQUIREMENTS.

No person shall keep or maintain any live animal in a cage, coop, hutch, pen, yard or space which is less than three times as large in floor space as the total size of all live animals which may be kept therein, and which is not of sufficient height to permit each animal to stand in a natural erect position. This section shall not apply to the Animal Shelter nor shall it preclude a veterinarian, any person engaged in showing animals, or any animal groomer from temporarily confining an animal in a container which does not satisfy the minimum requirements of this section, for medical, showing or grooming purposes.

(Ord. 840 C.S., passed 6-18-08)

§ 5-1.36 SANITARY ENCLOSURES.

(A) Every person keeping any animal shall at all times maintain cages, coops, hutches, pens, yards or other enclosures wherein such animal is kept in a clean and sanitary condition, and shall remove excreta and manure therefrom every day, or as often as is necessary so as not to become a nuisance in the neighborhood or to any person in the neighborhood.

(B) No person shall at any time maintain any lot or other premises, or any portion thereof, in the city, upon which any animal is kept in an unsanitary condition or in such condition as to cause the same to be infested with flies or insects or to create any noxious or offensive odors.

(Ord. 840 C.S., passed 6-18-08)

**Chapter 6.12****ANIMALS RUNNING AT LARGE****Sections:**

- 6.12.010 Prohibited.**
- 6.12.020 Impoundment—Authorized.**
- 6.12.030 Impoundment—Notice.**
- 6.12.040 Impoundment—Redemption or disposition.**
- 6.12.050 Impoundment—Time of sale.**
- 6.12.060 Impoundment—Use of proceeds from sale.**
- 6.12.070 Impoundment—Care of animals.**
- 6.12.080 Impoundment—Release prohibited.**
- 6.12.090 Enforcement powers.**
- 6.12.100 Penalties for violation.**

**6.12.010 Prohibited.**

It is unlawful for any horse, mule, jack or any kine or neat cattle, sheep, goat, hog or domestic fowl to be at large in the city, or to be staked or picketed for the purpose of grazing on any street, lane, alley or other public place in the city or so near to any such street, lane, alley or other public place as to interfere with the free use thereof. (Prior code § 4-1)

**6.12.020 Impoundment—Authorized.**

Any person may take up and deliver to the poundmaster or chief of police any of the animals mentioned in Section 6.12.010 found running or being at large or picketed or staked on any of the places mentioned in Section 6.12.010. It is made the duty of the poundmaster or chief of police to receive and to take up and impound all such animals and to dispose of them as provided in this chapter. (Prior code § 4-6)

**6.12.030 Impoundment—Notice.**

Within twenty-four hours after impounding any animal, the chief of police or poundmaster shall notify the owner or person entitled to the posses-

sion thereof, if known. If the owner or such other person is not known to the poundmaster or chief of police, he shall within such time post a notice on or near the door of the city council chamber, describing the animal, the date of taking up and the amount of fees and charges accrued against the animal. (Prior code 64-7)

**6.12.040 Impoundment—Redemption or disposition.**

On payment by the owner or any person claiming any animal impounded as provided in Section 6.12.020, of the fees and charges, the poundmaster or chief of police must immediately deliver the animal to the owner or person claiming it. If no person claims the animal or claiming it refuses or fails to pay the fees and charges thereon, the poundmaster or chief of police shall within not less than two or more than five days after posting the notice mentioned in Section 6.12.030, give notice by posting in three public places in the city or by publication for at least one week in the official newspaper of the city that the animal is impounded, a description of it, with any brand or distinguishing marks, the date of taking up and that unless sooner redeemed the animal will be sold at the door of the city council chambers in the city on a day and at an hour stated therein, to pay the fees, charges and costs accrued and to accrue thereon, stating the amount as near as may be. (Prior code § 4-8)

**6.12.050 Impoundment—Time of sale.**

The sale provided for in Section 6.12.040 shall not be had within less than three days nor more than ten days after the publication of notice thereof; provided, that the poundmaster or director of public safety may, in the absence of any bidders or for any other sufficient cause postpone and continue the sale to a date to be then fixed, not exceeding five days. Notice of the continuance may be given by posting in three places in the city or by one publication in the official paper. (Prior code § 4-9)

**6.12.060 Impoundment—Use of proceeds from sale.**

On a sale of any animal as provided in this chapter, the poundmaster or director of public safety shall deduct from the proceeds of the sale all fees and charges against the animal and pay any balance to the treasurer, taking his receipt therefor. If within one year thereafter any person claims the money and produces proof of ownership of the sold animal, a warrant for the sum so deposited shall be drawn on the treasurer in his favor for the same. If no claimant for the money appears within one year, it shall be turned into the general fund. (Prior code § 4-10)

**6.12.070 Impoundment—Care of animals.**

The poundmaster or director of public safety shall furnish all animals sufficient food and water while they remain in the pound, and the reasonable value thereof shall be a charge against them, to be paid by the person redeeming them, if redeemed, or deducted from the amount produced by the sale thereof, if sold. (Prior code § 4-11)

**6.12.080 Impoundment—Release prohibited.**

It is unlawful for any person to rescue any animal from the possession of the poundmaster or director of public safety or from any other person who has taken up any animal and is about to deliver it to the poundmaster or director of public safety, or to deliver or release any animal from the pound without the consent of the poundmaster or director of public safety. The poundmaster or director of public safety may retake any animal so rescued, delivered or released at any time within ten days thereafter and impound it and proceed as in the first instance. (Prior code § 4-12)

**6.12.090 Enforcement powers.**

The director of public safety, his designee, any public safety officer, animal-control officer or humane society officer shall have police powers in the enforcement of this chapter, and no person shall interfere with, hinder, molest or abuse the director

of public safety, his designee, any public safety officer, animal-control officer or humane society officer in the exercise of such powers. (Ord. 405 (part), 1986)

**6.12.100 Penalties for violation.**

Any person violating any provision of this chapter shall be guilty of an infraction, and shall be punished by a fine not less than ten dollars nor more than two hundred dollars. If any violation is continued, each day's violation shall be deemed a separate violation. (Ord. 405 (part), 1986)

# City of Exeter

## ORDINANCE NO. 661

### AN ORDINANCE OF THE CITY OF EXETER, STATE OF CALIFORNIA, AMENDING THE EXETER MUNICIPAL CODE, RELATING TO THE AMENDMENT OF TITLE 6, ANIMALS, AND TITLE 17, ZONING.

THE CITY COUNCIL OF THE CITY OF EXETER DOES ORDAIN AS FOLLOWS:

Section 1. The City of Exeter Municipal Code is hereby amended as follows:

#### **Title 6, Animals, Chapter 6.16: Fowl and other Animals**

Chapter 6.16, Fowl and other Animals, which reads as follows:

##### 6.16.010 Number of Fowl and Other Animals

A. Not more than ten animals, in all, including hares, rabbits and guinea pigs shall be kept on any residential parcels within the city.

B. Not more than ten birds, in all, including pigeons, doves, chickens, ducks, game birds or similar fowl shall be kept on any residential properties within the city. Roosters are not permitted on any properties within the city limits other than those parcels that are zoned RA (rural residential), UR (urban reserve) or A (agriculture) districts.

C. Birds, excluding the above listed birds, kept as household pets are permitted in all residential districts.

##### 6.16.020 Prohibited Animals

A. The following animals are prohibited within the city limits, excluding properties that are zoned to the RA (rural residential), UR (urban reserve) or A (agriculture) districts:

1. swine;
2. cattle, sheep, goats, and other members of the bovine and ovine families;
3. horses;
4. reptiles and amphibians as defined in the California Fish and Game Code;
5. turkeys, geese and roosters.

##### 6.16.030 Containment

A. All permitted fowl and other animals shall be housed in cages, hutches, or coops that shall be maintained in a clean and sanitary condition at all time.

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B. All cages, hutches and coops shall be located in the rear yard area of parcels in residential districts.

**Title 17, Zoning, Chapter 72: Definitions, Household Pets**

""means animals or birds ordinarily permitted in a dwelling and kept only for the company or pleasure provided to the occupants. Household pets shall include chickens, ducks, rabbits, dogs, cats, game birds, hares, guinea pigs, pigeons, doves and songbirds. Horses, cows, goats, sheep, other equine, bovine, ovine or ruminant animals, pigs, predatory wild animals, geese, roosters, turkeys, poisonous reptiles and other animal species are considered by the Planning Department to be inappropriate for a residential neighborhood and are not considered to be household pets."

Section 2. All ordinances and parts thereof of the City of Exeter in conflict herewith are hereby repealed.

Section 3. This ordinance shall take effect thirty (30) days after passage. Prior to the expiration of fifteen (15) days from the passage hereof this Ordinance shall be published once in a local paper of general circulation and delivered within Exeter, together with the names of the members of the City Council voting for and against this matter.

The foregoing ordinance was passed and adopted by the City Council of the City of Exeter on a motion of Council member Allwardt, seconded by Council member Macaulay, at a regular meeting held on the 12<sup>th</sup> day of February 2013, by the following vote:

AYES:	Allwardt, Boyce, Macaulay, Sally, Stearns
NOES:	None
ABSTAIN:	None
ABSENT:	None

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MAYOR ROBYN STEARNS

ATTEST:

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CITY CLERK RANDY GROOM

City of Woodland

CHAPTER 3. ANIMALS AND FOWL.\*

Article IV. Domestic Animal Keeping.

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**Sec. 3-4-3. Keeping of chickens, pigeons or rabbits.**

It is unlawful for any person to keep or maintain within the city, or permit to be kept or maintained upon land belonging to such person, any chickens, pigeons or rabbits except as follows:

A total of not more than six chicken hens or six pigeons or a combination of chicken hens and pigeons not to exceed the number of six, or a total of not more than six rabbits may be kept and maintained in a clean and sanitary pen or structure, no part of which shall be located less than forty feet from any residence, other than a residence owned and occupied by the person owning or in possession of such animals; and, provided further, that the keeping of such animal shall not create a health or nuisance problem. (Ord. No. 1323, (part).)

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Attachment 6



eXtension

 [articles.extension.org](http://articles.extension.org)<http://articles.extension.org/pages/70001/developing-regulations-for-keeping-urban-chickens>

## Developing Regulations for Keeping Urban Chickens

*Written by: Dr. Jacquie Jacob, University of Kentucky*

There is growing interest in keeping chickens in urban areas in North America. Whether a family can keep poultry in the backyard depends on state, county, and city ordinances. Community regulations might also come into play—current regulations vary from city to city. The main benefit of a backyard flock stems from the human-animal bond, as well as the production of a food item, primarily eggs. However, many individuals have concerns related to public health and community well-being. These include the spread of disease, waste management, poultry pests, predators, noise, and odor. The validity of the proposed benefits and negative effects are not currently supported by any published research. Pollock et al. (2012) suggest that the issue be approached much like concerns over keeping dogs.

### Proposed Benefits

Raising chickens in an urban backyard is not much different from having a companion animal such as a cat or dog. In a recent USDA survey, Garber et al. (2007) note that the most common reason for having backyard flocks was for fun or as a hobby. Additional reasons included family tradition, lifestyle, and food production, as well as the desire to expose children to food production, general affection for birds, and insect control.

There is research to support the idea that improved emotional well-being results from keeping companion animals (Wells, 2009). Emotional benefits include increased social interaction and reduced feelings of loneliness, isolation, and depression. If backyard chickens are considered companion animals, keeping them will likely have the same positive effects.

Eggs are the main food item produced in backyard flocks. The local production allows families to have some control over their food production. Given the economies of scale, however, it is rarely possible for the keeper of a backyard flock to produce eggs at a lower cost than those available in the grocery store. Chickens can eat some kitchen scraps, but it is still necessary to feed them a complete feed in order to sustain egg production. When chickens are fed

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household waste, there is an environmental benefit to raising backyard chickens. An additional environmental effect is the supply of chicken manure, which, when properly handled, is a good garden fertilizer, reducing the need for commercial fertilizers.

When the chickens are allowed to roam in the yard, they may eat garden pests and weeds, serving as a biological control. Unfortunately, chicken foraging behavior can have negative impacts on the plants themselves.

Some believe that eggs produced at home are more nutritious than store-bought eggs, but the research does not support this belief (Anderson, 2011; Kasrten et al., 2010). Eggs, whatever the source, are an excellent source of protein.

## **Fact or Fiction**

### **Source of Disease Transmission to Commercial Poultry Operations**

Smith and Dunipace (2011) reviewed the literature on the role of backyard poultry flocks in past **avian influenza** outbreaks and concluded that the role is very small. They indicate that the small flock size and limited contact with commercial operations reduced the likelihood that backyard flocks are a risk to transmit disease to commercial poultry operations. They back up this opinion with several case studies. For example, in the 2004 outbreak of avian influenza (H7N3) in British Columbia, Canada, the odds of infection were 5.6 greater for commercial flocks (>1,000 birds) than for backyard flocks. In addition, backyard flocks were always discovered by surveillance of nearby backyard flocks after nearby commercial flocks had been infected. Similarly, in the 2002 avian influenza (H7N2) outbreak in Virginia, not a single backyard flock was reported to be infected.

## **Public Health Issues**

The public health issues of concern are the spread of infectious diseases from the birds to humans and food poisoning from consumption of food items produced (meat or eggs). There are a number of hypothetical means through which people can be exposed to poultry disease from backyard flocks. These include direct contact, waste handling, and egg consumption. There are a number of avian diseases that are zoonotic. The spread of these diseases, however, is primarily associated with other poultry and wild birds rather than with chickens. Avian influenza and salmonellosis are two exceptions. Avian influenza has received a lot of attention because of the outbreaks of avian influenza among humans in Asia, but the concerns are restricted to Asian backyard flocks. There has not been a single case of H5N1 (the strain of Asian avian influenza) anywhere in the United States.

Salmonellosis and campylobacteriosis can pose an ongoing threat to human health in North America. A New Zealand study (Anderson et al., 2012) reported

that campylobacter is common in backyard chicken flocks. However, because backyard poultry had campylobacter genotypes for the strains found in commercially produced poultry, it is not possible to distinguish the source of infection in human cases. As a result, backyard poultry, or their fecal material, are a potential source of campylobacter exposure in people. When dogs are kept in the same area as chickens, the dog may eat the fecal material and could hypothetically transmit salmonellosis to household members. While there have been a few [cases of salmonellosis in humans keeping backyard flocks](#), salmonellosis is not typically a problem in properly maintained flocks.

On August 15, 2013, the [Centers for Disease Control \(CDC\)](#) reported [316 people from 37 states](#) were infected with *Salmonella typhimurium*, believed to be related to backyard poultry flocks. Of the 119 people with available information, 51% had been hospitalized. The majority of the sick were children 10 years of age or younger. Of those that got ill, 97% reported contact with live poultry in the week before their illness began. The majority purchased live poultry from agricultural feed stores. The CDC stressed the importance of hand washing after handling poultry. Again, salmonellosis is not a concern in well-maintained flocks. If bringing in a new flock of hens, it is best to raise the chicks yourself, after having purchased them from a clean flock.

## Waste Management

Proper manure management is essential in controlling disease risk, odors, and flies. Most concerns regarding poultry waste are related to the quantities produced on large-scale farms. Small-scale operations, as well as backyard flocks, can also contribute to environmental pollution if they have high bird density and poor manure management. Most city ordinances restrict the number of birds allowed in a backyard flock. It is also rare for urban centers to be situated near important water reservoirs. This dramatically reduces the risk of environmental pollution from backyard flocks. The weight of fresh manure output is about 115% of the total dry feed intake. So, to estimate the amount of manure a flock will produce, you can multiply the flock's total feed consumption and multiply by 1.15. (A hen typically eats a quarter pound of feed a day.) Fresh manure is 75% water, and some of the moisture will evaporate from manure accumulating in a poultry house. It is important to keep the manure dry. By keeping the litter dry, only about one-third of the calculated weight of the fresh manure will remain. Composting the used bedding produces an excellent fertilizer for vegetable or flower gardens.

## Pest Populations

The main pests of concern for poultry include external parasites such as mites, lice, bedbugs, fleas, and soft ticks. Additional pests of concern include darkling beetles, flies, moths, cockroaches, and rodents. There is very little research to reach any conclusions about the effects of pests on backyard flocks. Rodents, especially mice, will eat feed and contaminate it with salmonella. In addition to transmitting disease, rodents can also spread lice, fleas, and mites. Health risks

from backyard flocks depend on the cleanliness and security of the chicken coop, as well as the nature of waste management and feed storage.

## **Predators**

Some areas have problems with raptors. The main land predators of concern include raccoons and coyotes, although neighborhood dogs can be a problem in some areas. If birds are housed in a coop, this will usually protect them from predators. Raccoons can be a problem, however, because they can reach into pens.

## **Noise**

Most city ordinances do not allow roosters because of the crowing. It is not feasible to prevent a rooster from crowing, and roosters will crow throughout the day. Some city ordinances allow for temporary keeping of roosters for breeding purposes, but that is rare.

Hens have also been accused of being a noise nuisance. A hen will squawk during egg-laying. The squawking can continue for up to five minutes, but varies considerably. The city of Pleasanton, California, recorded the noises from a squawking hen at a distance of two feet and obtained a 63 dBA. By comparison, dogs are considered a noise disturbance when barking exceeds 100 dBA (Coopala et al., 2006). Minimizing the number of hens allowed in a backyard flock will minimize the nuisance.

## **Odor**

Keeping chicken coops clean and properly disposing of waste will minimize any odors from a backyard poultry flock. Composting of used poultry bedding dramatically reduces any risks of odors. For more information on composting, view the University of Wyoming article "[Backyard Composting: Simple, Small-Scale Methods](#)".

## **Points to Consider**

A large portion of the urban population has very little contact with food animals, purchasing their meat, eggs, and milk from the grocery store. This disconnection results in limited knowledge about how to care for livestock such as poultry. A survey by Madsen et al. (2013) identifies gaps in the disease prevention and biosecurity practices of backyard flocks.

Per a review of some of the current city ordinances related to backyard poultry flocks, the following questions need to be addressed in the establishment of new city ordinances.

- **What species of poultry will be allowed?** Most urban areas allow only chickens, though some do not restrict the kind of poultry that can be

raised. Waterfowl can produce a lot of wet manure and tend to be more of an odor problem.

- **What is the maximum number of adult birds that a backyard can have?** Most ordinances allow between five and six.
    - What factors should you consider to limit the number of birds?  
Factors could include land size, for example.
    - Will there be exceptions for community flocks?
  - **Are roosters allowed?** Most urban areas do not allow roosters because of the noise. Some city ordinances do allow roosters because roosters are required for breeding a poultry flock. Some allow roosters to be kept temporarily for breeding purposes.
  - **Will a permit be required?** Several cities require flock owners to get a permit in order to keep chickens in the backyard, but permit requirements are rare. In communities that do require a permit, requirements differ on several key points.
    - Will there be a fee for a permit?
    - What does the application involve?
    - Do prospective flock owners have to get neighbor approval?
    - Will prospective owners be required to take a course before they can get a permit?
    - Will there be inspections of the facilities to verify correct application of the rules? And, if so, what are the consequences of violations?
    - How often does the permit need to be renewed?
  - **Will there be coop restrictions?** These could include requirements that a coop be set back from neighboring properties. "Setback" regulations are very common, but not universal.
  - **Will the chickens have to be tagged for identification?** This is rare, and in some places strongly opposed.
- 

## Sources

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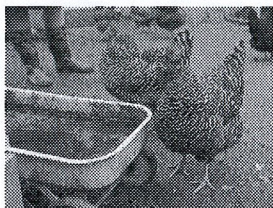
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# Public invited to discuss Visalia's chicken rules

David Castellon, dcastell@visaliatimesdelta.com 7:42 p.m. PDT May 8, 2015



(Photo: Submitted)

If you have neighbors in Visalia raising chickens in their backyards, they're doing it illegally, in violation of the city's zoning rules.

But on Monday, the Visalia Planning Commission plans to hear from anybody with an opinion on those rules, whether they favor allowing chickens to be raised in residential areas or they're against the idea.

Last month, the Visalia City Council narrowly voted to direct city staff to develop an ordinance amendment that would allow people to raise up to four hens in single-family residential zones, though not in apartment complexes or condominiums.

And no roosters would be allowed.

Visalia's zoning laws allows residents to raise domestic animals — primarily dogs and cats — in or on residential properties, but "farm" animals, which include chickens, goats and cows — are prohibited.

That hasn't stopped some people from raising chickens on their properties, "and code enforcement [officers] spend a lot of time on that," citing those people and compelling them to get rid of their chickens, Councilwoman Amy Shuklian said.

"I've had people asking me if chickens are allowed and why they aren't allowed," said Shuklian, adding that she received so many inquiries that she initiated a discussion earlier this year among council members about changing the city's zoning rules as far as chickens are concerned.

In a report presented last month to the council, city staff found that four Tulare County cities — Farmersville, Exeter, Lindsay and Woodlake — allow four to 10 chickens to be raised in residential neighborhoods.

In looking at their rules and those of other cities that allow chickens, they generally allowed only hens — no roosters — and set requirements for containing the chicken, the report states.

The proposed ordinance change that the Visalia Planning Commission will consider Monday night would require the birds to be kept in backyards and coops or in other enclosures and would have to be at least 10 feet from any property lines and no closer than 15 feet from any habitable dwellings on adjacent lots.

Paul Scheibel, the city's planner, noted that hens lay eggs without roosters, as the male birds are needed only to fertilize the eggs so they can incubate and produce chicks.

The directive to develop the ordinance change passed by a 3-2 vote, with council members Shuklian, Warren Gubler and Greg Collins casting yes votes and members Steve Nelsen and Bob Link voting in opposition.

Members of the Planning Commission will review the proposed zoning revision Monday night and hear public comments, all of which they will use to decide whether to recommend that the City Council reject the proposal, approve it or suggest modifications.

A report to the commission includes a petition with 58 names of people supporting an end to Visalia's chicken restrictions.

It lists benefits from allowing residents to raise chickens that include reducing scrap food and yard waste, providing a cheap supply of eggs and helping gardens by eating pests and providing fertilizer.

In addition, the petition states, "Chickens can be great pets, enhancing our local community."

Shuklian noted that she's heard very little backlash from the public about the prospect of allowing chickens in Visalia residential neighborhoods.

For his part, Gubler said he has never gotten more calls from average Visalians on any issue than from members of a group that started a few weeks ago supporting revisions to the city's rules on chickens.

"Maybe it's the 'grow local' food movement or something" he said, adding "I don't see any reason why we should not welcome this."

Attachment  
8

The chicken issue got some discussion during Monday's City Council meeting when a group of about 50 people attended to show their support for another change in the zoning rules that would allow Visalians to raise miniature goats at their homes.

Some of the "pro goat" people said that if the Council members are considering changes for raising chickens, then they should do the same for goats.

Still, Councilman Collins quipped, "It's a slippery slope when you want chickens, goats and pot belly pigs."

**How to attend**

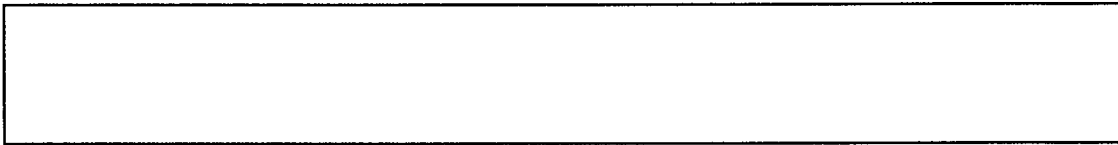
**What:** Visalia Planning Commission meeting

**When:** 7 p.m. Monday

**Where:** City Hall Council Chambers, 707 W. Acequia Ave.

**Agenda:** [www.ci.visalia.ca.us](http://www.ci.visalia.ca.us)

**Read or Share this story:** <http://vtd-tar.co/1bENBv3>



LOCAL

MAY 26, 2015 3:56 PM

# Urban farmers want Visalia to allow backyard chickens

## HIGHLIGHTS

At least five cities in the central San Joaquin Valley allow backyard chickens

A movement toward self-sufficiency is prompting interest in freshly laid eggs

Cities that allow chickens invariably ban roosters



< 1 of 2 >



BY LEWIS GRISWOLD

[lgriswold@fresnobee.com](mailto:lgriswold@fresnobee.com)

VISALIA — The grassroots movement for backyard chickens in urban areas has been gaining

Attachment 9

ground nationally, and now Visalia may be next to say yes.

The City Council will hold a public hearing June 1 about a proposal to allow up to four chickens per household in this city of 130,000.

Having chickens in a backyard would seem natural in the central San Joaquin Valley, one of the biggest agricultural regions in the nation. Some Valley cities allow the birds, including Exeter, Woodlake, Lindsay, Farmersville and Madera, but most cities, including Fresno, Clovis, Selma, Reedley, Tulare, Hanford and Lemoore prohibit them outright or have limited exceptions.

Proponents say raising chickens brings out their inner farmer and results in an endless egg supply. And, backers say chickens make great pets.

But opponents raise issues of odor, noise, escaped birds, and the possibility of disease.

It's not a slam dunk that the Visalia City Council will vote yes on a proposed ordinance.

Two council members earlier this year voted against having an ordinance brought for consideration, and last month the Visalia Planning Commission recommended that the council reject the proposed ordinance as written.

"This ordinance isn't ready for prime time," said Planning Commissioner Roland Soltesz, citing the lack of a requirement for chicken coops.

But the pressure for chickens appears to be on the upswing. Well-organized proponents easily outnumber opponents at public hearings.

"Chickens can peacefully co-exist in residential areas," said Christine Wood of Visalia, a school aide and mother who circulated a petition asking the city to allow chickens. "Eggs are expensive. It's nice to know where they came from."

Visalia's proposed ordinance would ban roosters, require that chickens be kept in the backyard and that coops be 15 feet from neighbors' homes.

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“

Kent Welsh of Visalia said he used to work in agriculture and has raised chickens.

"The majority of people actually don't have any idea where their food comes from," he said.

"It's a matter of self-reliance."

But opponents said they, too, have personal experience raising chickens.



"I grew up in Visalia and we had chickens. I plucked the feathers," said Alva Gunn, a retired dental hygienist. "The reality is they are a big responsibility. Chickens get diseases, their droppings are going to cause problems for the neighbors. It's very stinky."

Paul Olsen of Visalia said he raised chickens as a boy and paid for his first car using money from egg sales.

He and his wife own several varieties of hens — Rhode Island red, Buff Orpington, Plymouth Rock and one other breed — that they keep at his landscaping business outside Visalia.

"We'd like to take three or four to the city," he said, so he favors the ordinance.

Still, opponents raise valid concerns — "chickens getting out — that's not right," he said — so the proposed ordinance could be modified to require that the chickens be kept in coops at all times, he said.

He also recommends getting chickens inoculated from diseases that wild birds carry. A supply costs about \$12, he said.

Two years ago, Exeter went through the same exercise and ended up allowing 10 chickens but no roosters, and coops are required.

"We've had virtually no complaints," said City Manager Randy Groom. "If people have roosters, we hear about that."


Steve Garver, a retired teacher in Exeter, said hens cluck when they lay eggs but are mostly quiet.

"We have neighborhood dogs that are louder than our chickens," he said. The birds also produce great manure, he said.

Visalia Council Member Greg Collins, a self-employed city planner who said he has not taken a public position, said the push for backyard chickens has been building for several years: "There's a movement across the country for people to be more self-reliant and eat healthy," he said.

Cities must consider that "there could be a neighbor conflict," he said. "Dogs like to get chickens."

Chickens aren't welcome in many Valley cities.

The Tulare City Council refused to allow backyard chickens when the issue came up five years ago, citing concerns about disease and fowl roaming streets or being abandoned and causing a headache for neighbors and animal control officers. 

But to not allow chickens is to be behind the times, according to proponents, who say that

dozens of cities allow chickens, including Berkeley and San Francisco.

The self-sufficiency trend is creating demand by urban dwellers for chicks, said Brice Yocum, proprietor of Sunbird Farms in Visalia, which raises heirloom breeds.

"It's growing more than ever," he said.

*Lewis Griswold: (559) 441-6104, @fb\_LewGriswold*



## MORE LOCAL

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CelebChatter

## COMMENTS





Meeting Date: 04/20/2016  
Agenda Item: V 4

## CITY COUNCIL STAFF REPORT

REPORT TO: Mayor Blayney & City Council  
REPORT FROM: Alexander J. Henderson, City Manager  
AGENDA ITEM: Financial Policy Review

REVIEWED BY:

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☐ Motion ☒ Receive/File

### EXECUTIVE SUMMARY

Included in your packet is proposed language relating to the overall financial policies for the City. The Finance Committee, and ultimately, the City Council approved these policies as part of the 2015-2016 budget process. As is customary, we will review our policies to ensure internal controls, relevant information and to guide our operations.

Staff has included a redlined and clean version of the proposed financial policy changes. While most of the document remains in place from the previous year, there is one area of needed attention:

#### Purchasing Policy

1. The City last updated the figures related to the purchasing policy limits in 2000.
2. Staff encountered the need to examine expenditure limits during the emergency expenditure exercise earlier this year (related to repairs needed for our wells).

As with other portions of the budget process, this is a discussion topic at this time. Staff will take Council direction and will incorporate any changes into a future recommendation. The policies will be considered for final adoption along with the budget in June.

The document has been reviewed by legal counsel as well.

### RECOMMENDED ACTION BY

1. Review the document and provide direction to staff.

### POLICY ALTERNATIVE(S)

1. NA

### REASON FOR RECOMMENDATION/KEY METRIC

1. These financial policies are part of the strategic directive of financial stability. These policies provide guidelines for staff as they relate to several areas of the City's budget, investments, and purchasing powers.

## **FINANCIAL INFORMATION**

### **FISCAL IMPACT:**

- |                              |           |
|------------------------------|-----------|
| 1. Is There A Fiscal Impact? | <u>NA</u> |
| 2. Is it Currently Budgeted? | <u>NA</u> |
| 3. If Budgeted, Which Line?  | <u>NA</u> |

## **BACKGROUND INFORMATION**

The Finance Committee reviewed a full draft document during their December 11, 2014 meeting. The entire document and language was also reviewed by the City's professional auditing firm. Their comments have been included in the draft.

## **ATTACHED INFORMATION**

1. Existing Financial Policies
2. Proposed Policies (Redline)
3. Proposed Policies (Clean)

# Attachment 1

## **CITY FINANCIAL, MONETARY, AND BUDGETARY POLICIES**

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The budget for the City of Kingsburg is a comprehensive guide for the financial decision-making and operational management throughout the fiscal year. The budget is not only a financial plan but also a performance plan to assist in accomplishing the strategic goals set forth by the City Council. This section describes the policies and procedures that govern the preparation and implementation of the City's budget as well as managing the short and long-term finances and investments of the City.

### **2015-16 Approved Budget Guidelines**

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Each year, the respective subcommittees and City Council approve budget guidelines to provide guidance and assist in the development of the annual budget. The development of the 2015-16 budget will also incorporate the plans set forth in the City's strategic planning process, as well as a comprehensive employee survey. The proposed 2015-16 Budget guidelines are outlined below, and include:

#### **Financials:**

- Examine 5 year historical trending in all revenue and expenditure accounts.
- Analyze and update financial policies and procedures,
- Incorporate policies into 2015-16 budget. Identify non-dedicated fund balances, and define purpose or recommend usage alternatives.
- Fund long term future obligations and designated reserve accounts.
- Utilize one-time funds received to help pay down debt and purchase deferred capital equipment.
- Examine current and alternative revenue sources that promote long-term financial sustainability.
- Examine adequacy and equity of fees and revenues for services and programs.
- Examination of current street sweeping program to improve air quality and keep costs in line.

#### **Citizen Commitment:**

- Analyze performance measurement metrics to enhance service delivery efficiencies.
- Examine the most cost effective way of providing service and conducting business.
- Examine and where applicable reduce redundancies in service provisions.
- Enhance joint purchasing arrangements from a multi-community and City perspective.
- Maintain preventative infrastructure maintenance program and Capital Improvements funding.
- Examine additional energy efficiency initiatives to offset rising energy costs.

#### **Personnel:**

- Examine organizational structure and necessary staffing adjustments to meet growing organizational needs.
- Implement changes from collective bargaining agreements and employee handbook.

- Examine special fund contributions to the general fund to ensure allocations are appropriately structured to reimburse general fund (i.e. Water, Measure C and Solid Waste).
- Transition to performance, metric based wage and evaluation compensation system.
- Examine and make recommendation on employee leave programs to proactively address GASB 45-Other Post Employment Benefit liabilities

### **Explanation of Budgetary Process**

Although the administration of the existing budget is a constant process, the preparation of the next year's budget begins during January with the establishment of the annual budget guidelines which serve as written goals and parameters for the development of the annual operating budgets. The City uses the following procedures when establishing budgetary data reflected in this document:

- A. During January-February, planning meetings are held whereby the City Council, its sub-committees, and Department Heads receive input and subsequently develop areas of emphasis and specific action items in order to provide a framework for the budget development.
- B. In April, a budget session with Department Heads is held at which time budget instructions for the ensuing year are given by the City Manager.
- C. In April, the department heads submit to the City Manager, proposed operating budgets for the fiscal year which commences the following July 1. The operating budget includes proposed expenditures and means of financing them.
- D. In May, the City Manager submits the Executive Budget to the City Council. Copies of the budget are made available for general public use at the City Clerk's Office and other venues.
- E. A budget public meeting/workshop is held by the City Council and City staff in early part of June. A public hearing is held the middle of June concerning the proposed budget.
- F. During the second Council meeting in June, the City Council approves by resolution the proposed budget.

### **Budget Overview**

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Beginning in 2015-16, the City's budget will be evaluated by the Government Finance Officers Association (GFOA), which offers critiques, praise, and other suggestions to help improve every aspect of the budget document.

The budget guidelines approved by the City Council were used as the foundation to create the 2015-16 financial blueprint for the City. The 2015-16 budget is designed to provide ease of use to the reader, while acting as a financial conduit for all City related expenses. Overall, the budget hopes to achieve the following:

### **The Budget as a Policy Document**

As a policy document, the budget indicates what services the City will provide during the next fiscal year. Throughout the document the reader will have the opportunity to view both long and short-term goals, and how the financial policies will interact to meet the needs of City residents.

### **The Budget as an Operations Guide**

As an operations guide, the 2015-2016 budget provides detailed expenditures based upon departmental need. Each department is responsible for specific actions that feed into the overall organizational plan.

### **The Budget as a Financial Plan**

As a financial plan, the budget summarizes and details the cost to the citizens of Kingsburg for services received, as well as funding information. The document will outline major revenue sources, expenditures, and overall changes and challenges from previous years. The Budget in Brief provides a quick synopsis of expenditures and revenues.

### **The Budget as a Communications Device**

Perhaps the most important part of the budget document is to make sure it is a usable, readable document for citizens, elected officials, and staff alike. Staff has worked diligently to provide summary information available in text, charts, tables, and graphs.

Kingsburg takes great pride in our performance measurement program as well.

The user will notice several different measurables, as well as how they are incorporated into goals and management methods.

## **GENERAL OPERATIONS POLICY**

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The establishment of general operations policy statements is an important component of the City's financial management policy and planning efforts.

### **A. Accounting**

- The City will establish and maintain the accounting systems according to GAAP.
- An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements. In addition, full disclosure will be provided in the financial statements and bond representations.
- Financial systems will be maintained to monitor expenditures and revenues on a monthly basis and all revenue collections will be consolidated under the Finance Director. A cash-flow analysis, including disbursements, collections, and investments, will be prepared on a regular basis indicating that sufficient cash is available for daily financial needs.
- Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported as reservations of fund balance.
- The City will establish and maintain a depreciation schedule based on the straight-line method. The useful life of capital assets will be based on internal information,

information on comparable assets from other governments, and general guidelines from professional or industry organizations.

**B. Revenue**

- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- Any amounts due to the City will be carefully and routinely monitored. An aggressive policy of collection will be followed for all receivables. In addition, proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
- All potential grants and other aid shall be carefully examined for matching requirements and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.

**C. Budget & Capital Improvements**

- The City will pay for all current operating expenses with current revenues and will avoid budgetary procedures that balance current costs at the expense of future years, such as postponing necessary expenses, accruing future revenues, or rolling over of short-term debt.
- The City will prepare and maintain a multi-year capital improvements plan and project its equipment replacement needs for at minimum the next five years. In addition, a maintenance and replacement schedule will be developed and updated on an annual basis. Estimated costs of each capital improvement projected for each year will be included in the annual budget, including the impact to annual operating expenditures./me
- Intergovernmental funding sources for capital improvements from the federal, state, and private sector will be actively sought and used as available to assist in financing of capital improvements.

**BUDGET AMENDMENT POLICY**

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Following the adoption of the annual budget, budget transfers and supplemental appropriations are made based on the following:

**A. Items requiring City Council Action**

- Appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.

**B. Items delegated to the City Manager**

- Since the annual City budget is adopted at the functional level of expenditure (program categories, i.e., Public Works and Public Safety), the City Manager may authorize any intra-program line item change, i.e., utilities, local auto expense, supplies, etc. between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.

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**FINANCIAL PROCEDURES & INVESTMENT POLICY**

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The purpose of this policy is to establish investment objectives; to delegate authority for the execution and reporting of investments; to establish standards of prudence; to direct the development of internal control; to establish standards for Depositories, to set and establish collateral requirements; and to identify permitted investment.

This investment policy applies to all cash assets of the City, except:

- A. Funds which are held by an external trustee and are restricted in their investment by terms of a trust indenture; in which case the trust indenture shall regulate investment activities;
- B. Funds granted to or held in custody by the City, under terms which provide for or restrict their investment in a particular manner; in which case said provisions or restrictions shall regulate investment activities;
- C. Funds otherwise restricted by State or Federal laws or regulations; in which case said restrictions shall regulate investment activities.

The primary objectives of investment activities shall be the following in order of importance: safety, liquidity, and yield:

- A. Safety: Preservation and safety of principal are the foremost objective of the investment program. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In addition, all risks associated to City funds and investments will be disclosed on an annual basis or as requested.
  1. Credit Risk - The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:
    - Limiting investments to the types of securities listed in this Investment Policy.
    - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.
    - Diversifying the investment portfolio.
  2. Interest Rate Risk - The City will minimize rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
  - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
  - Utilizing securities with adjustable coupon rates to minimize price volatility.
- B. Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- C. Yield: The investment portfolio shall be designed with the objective of attaining a rate of return/yield throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity unless as deemed appropriate by the City Manager, or for the following exceptions:
1. A security with declining credit may be sold early to minimize loss of principal.
  2. A security swap would improve the quality, yield, or target duration in the portfolio.
  3. Liquidity needs of the portfolio require that the security be sold.

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#### STANDARDS OF CARE & REPORTING

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- A. Prudence:  
The City's investments shall be made with judgment and care, under prevailing circumstances, which a person of prudence, discretion, and intelligence would exercise in that management of the person's own affairs, not for speculation, but for investment, considering the safety of capital and the yield to be derived.
- B. Ethics and Conflicts of Interest:  
Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or be perceived to conflict with proper execution of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

C. Delegation of Authority:

The City Council (the "Council") is ultimately responsible for the investment of City funds. The responsibility for conducting investment transactions is delegated to the Finance Committee (the "Committee") which shall conduct its day- to-day activities through the office of the Finance Director. The Finance Director may, with Committee and Council approval, receive assistance from one or more investment advisors. The Finance Director will provide investment data, statistics and recommendations to the Committee to aid in investment decisions.

D. Reporting Requirements:

The Finance Director shall report investment portfolio performance to the Committee at least annually or when a specific request is made. The report will summarize the investment strategies employed, describe the portfolio in terms of investment securities, maturities, risk characteristics and other factors. The report will indicate any areas of policy concern and suggested or planned revision of investment strategies. The Committee shall report investment portfolio performance to the Council annually and shall ask the Council to review its investment strategies at least annually.

E. Internal Controls:

The Finance Director shall establish a system of internal controls, which shall be approved by the Committee. The internal controls shall be reviewed by an independent certified public accountant in conjunction with the annual examination of the financial statements of the City. The controls shall be designed to forecast cash flows, maximize the investment of available balances, fully report results of investment activities and prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the City.

All purchases and sales of investment securities must be authorized by the City Manager and Clerk/Treasurer, or in one's absence, the Deputy Treasurer. All bank accounts shall be reconciled on a monthly basis and shall be completed in a reasonable time after the receipt of the monthly bank statement.

#### **AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORY, AND BROKER/DEALERS**

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A. Depositing of Funds:

All currency, checks, drafts or other funds in any form payable to the bearer, or endorsed for payment, shall be promptly deposited in an approved Depository, so designated by the Council.

Designation by the Council shall be given only when the financial institution meets all Public Depository requirements provided for by applicable State and Federal laws and regulations, and the following additional criteria:

1. Deposit Insurance:

The financial institution is a member of the Federal Deposit Insurance Corporation (FDIC) and deposits made with the financial institution are insured to the maximum permitted by the FDIC.

**2. Depository Agreement:**

Any financial institutions acting as a depository for the City must enter into a "depository agreement" requiring the depository to:

- a. Pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the City (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.
- b. Require the custodian to send statements of pledged collateral to the City Finance Director on a monthly basis.
- c. Annually, provide the City its audited financial statements.
- d. Provide the City normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale investment securities and safekeeping services. Fees, if any, shall be mutually agreed to by an authorized representative of the depository bank and the City Clerk/Treasurer.

**B. Preferences for Local Financial Institutions:**

All else being equal comparing financial institutions meeting the criteria set forth, the City Council will give preference in selection to those financial institutions who maintain offices in the immediate area.

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**COLLATERALIZATION**

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**A. Collateral Required:**

All City funds held in City Depositories which are not held in investment securities registered in the name of the City shall to the extent they exceed federal deposit insurance and state public deposit security fund coverage limits, be collateralized as provided in this Section. The City will minimize the amount of time that cash and investments are held at any given bank exceeding \$500,000, understanding that certain times during the year, it may be temporarily unavoidable to not exceed these dollar amounts due to fluctuating cash flows, and depository requirements.

**B. Form of Collateral:**

Except as provided in Subparagraph a. of Subsection C.1. of this Section, collateral shall be pledged in the name of the City and must be one of the following:

1. Securities of the U.S. Treasury or U.S. Governmental Agency as defined by the Federal Reserve. If held herein, the collateral may consist of any reserves deemed acceptable by the Federal Reserve Bank to meet other reserve requirements of the Depository provided it is held in a sub-account which names the City as beneficiary.
2. U.S. government guaranteed securities such as those issued through the Small Business Administration, provided they are fully guaranteed.

3. General obligations of states or municipalities provided they are rated in the highest or second highest rating categories by Moody Investors Service, Inc., Standard and Poor's Corporation or Fitch Investors Service, L.P.

**C. Valuation of Collateral:**

1. Valuation: Collateral must be marked to market not less frequently than monthly and its value reported on the monthly statement.
2. Sufficiency: The value of the collateral must equal 105% of the amount requiring collateralization. Additional collateral is to be requested when the monthly statement indicates a deficiency.

**D. Substitution of Collateral:**

Collateral agreements are to prohibit the release of pledged assets without the authorization of the Finance Director, however, exchanges of collateral of like value are to be permitted.

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**AUTHORIZED INVESTMENTS**

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Funds of the City which are not immediately needed for payment of obligations shall be invested to the greatest extent practical, in accordance with applicable Statutes, if the funds have been appropriated for the payment of debt service, and California Statutes, if the funds are to be used for any other purpose. The following investment securities are permitted to be used:

1. U.S. Treasury Obligations and Government Agency Securities.
2. Certificates of Deposit.
3. Municipal General Obligations.
4. LAIF.
5. Repurchase Agreements.
6. Operating Bank Account.
7. Money Market Funds.
8. Commercial Paper.
9. Bonds rated in the highest or second highest rating category.

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**INVESTMENT TRANSACTIONS & PARAMETERS**

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**A. Co-mingling of Funds:**

The Clerk/Treasurer may pool cash from several different funds for investment purposes, provided such co-mingling is permitted by law, and records are maintained which show that interest earned on such investments has been fairly allocated to each originating fund.

**B. Securities Firms:**

The Clerk/Treasurer is authorized to execute purchases and sales of Permitted Securities with City Depositories or with securities firms previously approved by the Committee, (the "Approved List"). Such firms must be licensed to conduct business in California, shall be a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation.

**C. Diversification:**

The investment policy incorporates the investment strategy and as such, will allow for diversification of investments to the extent practicable considering yield, collateralization,

investment costs, and available bidders. Diversification by investment institutions shall be determined by an analysis of yield, collateral, investment costs, and available bidders. Diversification by types of securities and maturities may be as allowed by this policy and California State Statutes.

**D. Maximum Maturities:**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. However, the maximum maturities for any single investment shall not exceed five (5) years, except for reserve funds. The maximum dollar-weighted average maturity for pooled investments will not exceed three (3) years. Reserve funds may be invested in securities not to exceed ten (10) years if the maturity of such investments is made to coincide as nearly as practicable with the expected call date or final payment date, whichever is shorter. For securities with adjustable rate coupons, the average time to coupon reset will be used as a measure of average maturity.

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**APPROVAL OF INVESTMENT POLICY AND AMENDMENT**

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This investment policy is intended to clarify, amend, and supersede existing investment policies. The Committee is delegated the authority to amend this Investment Policy from time to time as it deems such action to be in the best interest of the City. Any such amendment shall be promptly recommended to the City Council for consideration. When amendment occurs, any investment currently held that does not meet the guidelines of the amended policy, shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the amended policy within six (6) months of the policy's adoption or the Committee must be presented with a plan through which investments will come into conformance.

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**FUND BALANCE POLICY**

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The establishment of a formal fund balance policy is an important component of the City's financial management policy. Maintaining appropriate levels of fund balance is a key element of the City's overall financial health. This policy is intended to set targets for the desired level of fund balances, identify the approach to maintain these levels, and to provide guidelines for the use of fund balance.

- A. To insulate the City from large, unanticipated one-time expenditures or revenue reductions resulting from external changes.
- B. To provide funds to allow the City to respond to unforeseen emergencies.
- C. To provide sufficient working capital to eliminate the need for short-term borrowing due to the timing of the receipt of short-term receivables and the remittance of short-term payables.
- D. To strive to maintain a general fund balance equal to or above 20% of budgeted general fund appropriations. In determining the acceptable range of general fund balance, the City considered the following factors:
  - 1. Historical stability of the City's revenues and expenditures.
  - 2. Timing of revenue collections in relation to payments made for operational expenditures.
  - 3. Anticipated growth in the services to be provided City residents.

- E. Apply any operational surplus at the end of any fiscal year to the reserve for working capital if necessary to meet policy minimums.
- F. Eliminate the budgeted use of fund balance if its use would reduce the available balance below policy minimums.

#### **FUND BALANCE AND RESERVE FUND REQUIREMENTS**

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The City recognizes that fund balances are targeted objectives to ensure the long-term stability of the City's finances. From time to time, upon City Council authorization, the funds may not contain the stated goal. This is done with the understanding that it is in the best interests of the taxpayers and most cost effective manner to utilize the reserve funds.

The City also recognizes that in some instances, it will take time to build the fund balances to the desired level. The timeframe for achieving the desired level is balanced with the short and long term financial considerations of the City.

- A. General Fund - The fund balance shall not be less than 20% of the budgeted general fund appropriations as approved by the City Council as of July 1 of each year. Any excess shall be allocated and approved by the City Council upon completion of the annual audit of City financials. Amounts over the 20% will be allocated as deemed necessary into designated reserve accounts by the City Council

#### **DEBT MANAGEMENT POLICY**

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Debt can be an effective way to finance capital improvements. State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. Properly managed debt preserves credit ratings, provides flexibility in current and future operating budgets, and provides long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the City has adopted the following (below) debt management policy objectives.

- A. Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least five years.
- B. Short-term debt should be limited, but may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years, when deemed financially prudent.
- C. Debt maturity will not exceed the lesser of: the useful life, or the period of probable usefulness of the object or purpose so financed.
- D. The annual operating budgets of all funds will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year.
- E. The total amount of outstanding debt will comply with State Statutes.
- F. Good communications will be maintained with bond rating agencies, bond counsel, banks, financial advisors, and other involved in debt issuance and management.
- G. Comprehensive annual financial reports and official statements will reflect the City's commitment to full and open disclosure concerning debt.

## CAPITALIZED FIXED ASSETS POLICY

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The purpose of this policy is to establish a general policy for Capitalized Fixed Assets including standards for valuation of assets with a useful life greater than one-year. This policy applies to the purchases of all departments and divisions of the City of Kingsburg. The provisions of California Statute take precedence over any portion of this policy that may be in conflict. More restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence.

- A. The Fixed Assets Account Group shall include general fixed assets, i.e., non-infrastructure assets. Infrastructure assets are assets that are immovable and of value only to the City government, e.g., buildings, sewers, and streets. As a general rule, "capitalized" items maintained within the Fixed Assets Account Group shall have an expected useful life greater than one year and a purchase, donated or assessed value equal to or greater than \$5,000. For computer equipment, initial operating software shall be included but subsequent operating software and application software shall be excluded.
- B. Generally repairs will not qualify for changing the initial capitalized value. Only major replacements of components and/or additions which significantly change the initial capitalized value or significantly extend the expected useful life of any capitalized item shall be considered in order to substantiate any subsequent year value change of an asset maintained within the Fixed Assets Account Group.
- C. Encumbrances are commitments related to requisitions or contracts that have been issued, but for which no goods or services have yet been received. Encumbrances are recorded as they occur for budgetary control purposes.

The issuance of a purchase order requisition or the signing of a contract creates an encumbrance of the amount required to be paid during the current year. This amount is no longer available for obligation or expenditure, unless the purchase order requisition or contract is canceled. Encumbrance records shall be maintained by the City Finance Director.

## ASSET VALUATION

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Departments shall record long-term assets at historic cost or, if the cost is not readily determined, at estimated historic cost. Cost shall include applicable ancillary costs. All costs shall be documented, including methods and sources used to establish any estimated costs.

- A. Purchased Assets - the recording of purchased assets shall be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.
- B. Salvage Value – the recording of purchased assets that are expected to be sold at retirement should be recorded with the historical estimated sale value if in excess of \$5,000. If sale value is less than \$5,000, normal depreciation for the useful life will be used.

- C. Self-Constructed Assets – All direct costs (including labor) associated with the construction project shall be included in establishing a self-constructed asset valuation. If a department is unable to specifically identify all direct costs an estimate of the direct cost is acceptable, but must be supported by a reasonable methodology.
- D. Donated Assets –Fixed assets acquired by gift, donation or payment of a nominal sum not reflective of the asset's market value shall be assigned cost equal to the fair market value at the time of acquisition.
- E. Leased Property - Capital lease property should be recorded as an asset and depreciated as though it had been purchased.
- F. Dedicated Assets –Required installation by Developer of public improvements, including but not limited to sanitary service mains, manholes, laterals and all appurtenances, water mains, laterals, hydrants, valves and all appurtenances, storm sewers, stormwater management measures, streets, curb and gutter, street lights, street signs, sidewalks will be dedicated to the City upon completion. Recording of infrastructure assets will be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation provided by the Developer.

## **PURCHASING & EXPENDITURE/EXPENSE POLICY**

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### Goal

Expenditure/expenses are a rough measure of a local government's service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the City of Kingsburg has adopted the expenditure/expense policy. The controls and procedures set forth are intended to provide reasonable assurance that the lowest cost, highest quality good or service is obtained, while balancing the need for flexibility and efficiency in departmental and City operations.

### Coverage

This policy applies to the purchases of all departments and divisions of the City of Kingsburg. The provisions of California Statute take precedence over any portion of this policy that may be in conflict. More restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence.

### Ethical Standards

1. All procurement shall comply with applicable federal, state and local laws, regulations, policies and procedures.
2. Employees are not to engage in any procurement related activities that would actually or potentially create a conflict of interest, or which might reasonably be expected to contribute to the appearance of such conflict.

3. No employee shall participate in the selection, award or administration of a contract if a conflict of interest would be involved. Such a conflict would arise when the employee, any member of his immediate family, business partner or any organization that employs, or is about to employ, any of the above, has a financial interest or other interest in the firm selected for award.
4. To promote free and open competition, technical specifications shall be prepared to meet the minimum legitimate need of the City and to the extent possible, will not exclude or discriminate against any qualified contractors.
5. No employee shall solicit or accept favors, gratuities, or gifts of monetary value from actual or potential contractors or subcontractors.
6. Employees must maintain strict confidentiality in the procurement process and shall not impart privileged information to any contractors that would give them advantage over other potential contractors.
7. Personal purchases for employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchase.

#### General Guidelines

1. Purchases are classified into the following major categories:
  - a. Goods (tangible items): e.g. equipment, supplies, vehicles
  - b. Services: items requiring outside labor, maintenance agreements, etc.
  - c. Construction of public buildings and improvement
2. Purchasing Oversight
  - o Department heads are responsible for procurement issues in their individual departments. Departments are to insure that the purchase order requisitions are entered prior to purchases, receipts are collected and recorded, and the requisition is put through for payment and will be responsible to respond to questions on the payment or non-payment of the item.
3. Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
4. Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
5. For items that are purchased regularly or by multiple departments, departments are encouraged to use cooperative purchasing or purchasing in bulk in order to reduce City costs.

#### **1. Purchases under \$1,000**

Purchases under \$1,000 may be made with the approval of City Department Heads prior to making the purchase.

#### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment in an amount up to one-thousand dollars (\$1,000.00) shall be made only by purchase order approved by the department head.

Unbudgeted Supplies, Services and Equipment

Purchase of supplies, services and equipment not contained in the annual budget in an amount up to one thousand dollars (\$1,000.00) shall be made only by purchase order approved and signed by the department head and the City Manager or Finance Director.

Department heads are responsible for monitoring all purchases made using this procedure to ensure that the City is receiving a high value for its expenditures.

**2. Purchases of at least \$1,000 and under \$5,000**

Purchases of at least \$1,000 and under \$5,000 may be made with the approval of the Department Head prior to making the purchase.

Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment between one thousand dollars (\$1,000.00) and five thousand dollars (\$5,000.00) shall be preceded by obtaining no less than two (2) quotations either received in writing or taken verbally and logged in writing from separate vendors for compatible items. Such purchases shall be made by purchase order with the approval of the City Manager or Finance Director.

Unbudgeted Supplies, Services and Equipment

Purchases of supplies, services and equipment not contained in the annual budget between one thousand dollars (\$1,000.00) and five thousand dollars (\$5,000.00) shall be with the approval of the City Council after presenting no less than two (2) quotations either in writing or taken verbally and logged in writing from separate vendors for compatible items.

The purchase order requisition for the item must be entered into the City's Finance Director within 4 days of making the purchase. If the selected vendor did not offer the lowest price, the request should include an explanation of why another vendor was chosen.

**3. Purchases of a least \$5,000 and less than \$25,000**

Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment between five thousand dollars (\$5,000.00) and twenty-five thousand dollars (\$25,000.00) shall be preceded by two (2) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the department head and the City Manager.

Unbudgeted Supplies, Services and Equipment

Purchases of supplies, services and equipment not contained in the annual budget between five thousand dollars (\$5,000.00) and twenty-five thousand (\$25,000.00) shall

be preceded by two (2) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the department head and the City Manager. In either case, formal bids or not, unbudgeted purchases shall be made only with the approval of the City Council.

If the selected vendor does not offer the lowest price, the request should include an explanation of why another vendor is recommended.

#### **4. Purchases greater than \$25,000**

##### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment greater than twenty-five thousand dollars (\$25,000.00) shall be preceded by three (3) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the department head and the City Manager. If the selected vendor does not offer the lowest price, the request should include an explanation of why another vendor is recommended.

##### Unbudgeted Supplies, Services and Equipment:

Purchases of supplies, services and equipment not contained in the annual budget greater than twenty-five thousand (\$25,000.00) shall be selected through a formal bidding process. These purchases shall be made only with the approval of the City Council. If the selected vendor does not offer the lowest price, the request should include an explanation of why another vendor is recommended.

The Finance Director reviews the request to determine compliance with the City's budget and purchasing policy and makes a recommendation to the City Manager who may approve or reject the request.

This purchase order requisition must be included with the invoice and forwarded to the Finance Director for processing of the payment.

##### Purchases of Services

Whenever practical, the purchase of services should be conducted based upon a competitive process:

- Contractor services is defined as the furnishing of labor, time or effort by a contractor, usually not involving the delivery of specific goods or products other than those that are the end result of and incidental to the required performance. Examples of contractor service include: refuse and recycling collection, maintenance, mailing, or delivery services. Contractor services shall follow the competitive procurement policy for the purchase of goods subject to the same spending guidelines. The cost shall be determined by considering the maximum total expenditure over the term of the contract.

- Construction services is defined as substantial repair, remodeling, enhancement construction or other changes to any City owned land, building or infrastructure. Procedures found with in State of California Statute shall take precedence. In absence of guidance in these areas, construction services shall follow the competitive procurement policy for the purchase of goods subject to the same spending guidelines.
  - Combined Goods and Services in situations where the purchase combines goods and services (exclusive of construction and contractor services), such as many technology projects, the purchase shall be treated as a purchase of professional services.
  - Professional services is defined as consulting and expert services provided by a company, organization or individual. Examples of professional services include: attorneys, certified public accountants, appraiser, financial and economic advisors, engineers, architect, planning and design. Professional services are generally measured by the professional competence and expertise of the provider rather than cost alone.
1. If it is estimated that the service being solicited has a total cost of over \$25,000 a formal Request for Proposal may be used to solicit vendor responses. The department head shall be responsible for the preparation of all Requests for Proposal specifications, notices and advertising. Prequalification of proposers may be done at the discretion of the department head.
    - The Purpose of an RFP is to solicit proposals with specific information on the proposer and the service offered which will allow the City to select the best proposal. The best proposal is not necessarily the proposal with the lowest cost.
    - Based upon the services or project and the magnitude of the outcome a selection committee may be advisable.
    - Requests for proposals shall be formally noticed. All notices and solicitations of proposals shall state the time and place of the proposal opening.
    - Information to be requested of the proposer should include : Number of years the proposing company has been in business, company's experience in the area of desired services, financial strength of the company, examples of similar services/projects completed, resumes of staff that will be associated with the project/service, list of references, insurance information. In addition the proposal should provide information about the City, scope of services requested and any outcomes. The proposal should also identify evaluation factors and relative importance.
    - Establish selection criteria and include this information with the RFP. It is generally advisable to establish a numeric ranking matrix. This reduces the subjective nature of the rating process.
    - Proposals should be solicited from an adequate number of qualified sources. Requests for proposal should be formally noticed. All notices and solicitations should provide the issue date, response due date, date and time of opening responses and a contact person.

- Proposals shall be opened and recorded with a tabulation of proposals received shall be available for public inspection. All proposal documentation shall be placed on file with the City Clerk. The Department Head and selection committee (if applicable) will then review the proposals and make a recommendation to the City Council.
  - Service contracts or agreements should be reviewed by the City Insurance Company and the City Attorney and placed on file with the City Clerk.

#### Sole Source Purchasing Policy

Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand the scrutiny of the City Council and the public. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available.

Sole source purchasing criteria include:

1. Urgency due to public safety, serious injury, financial or other unusual and compelling reasons.
  2. Goods or service is available from only one source and no other good or service will satisfy the City's requirements
  3. Legal services provided by an attorney
  4. Lack of acceptable bids or quotes
  5. An alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs
  6. Standardization of a specific product or manufacturer will result in a more efficient or economical operation
  7. Aesthetic purposes or compatibility is an overriding consideration
  8. Purchase is from another governmental body
  9. Continuity achieved in a phased project
  10. Supplier or service demonstrates a unique compatibility not found elsewhere
- Sole source purchases follow the same necessary approval process as described above under the purchasing of goods.

#### Petty Cash Policy

The City maintains a petty cash account to expedite the miscellaneous purchases and payment of small bills. Petty cash funds are available at City Hall.

To be eligible to use the petty cash fund, the following requirements must be met:

1. The item to be purchased must not be regularly stocked
2. The employee must have a petty cash slip completed which includes the item(s) to be purchased, the amount of petty cash needed and the account number the purchase is budgeted to.

Upon completion of the purchase, the employee must return the receipt and any change to the Finance Director/Designee. The designee in charge of the petty cash funds is responsible to enter in all the petty cash expenditures using a purchase order requisition in order to receive a replenishment of petty cash funds.

### Employee Reimbursement Policy

If the need arises to purchase an item for the City with personal funds, the employee must submit the receipt and an Expense Reimbursement Form to the Finance Director. This form should include a detailed listing of the items purchased and must be signed by the employee to be reimbursed, his or her Department Head and the Finance Director. It is the responsibility of the employee making the purchase to ensure that any available discounts are applied and that sales tax is not included, when applicable.

### Credit Card Policy

The City maintains a credit card account that may be used when it is impractical or inefficient to follow the normal payment process. The Finance Director shall administer the use of the City credit card. To use the City credit card, the employee must have a purchase order requisition form completed and signed by the Department Head. The requisition will include the item(s) to be purchased, the limit of funds to be spent and the account number the purchase is budgeted to. Upon completion of its use, the credit card shall immediately be returned to the Finance Director along with the receipt and the purchase order requisition.

The use of these cards shall be strictly for the purchase of approved goods. Employees using the credit cards are responsible for any credit, returns or disputes regarding purchases made by the employee. If a return or credit is made, you must notify the Finance Director.

At no time is the credit card user permitted to use the City credit card for any purchases not on an approved purchase order requisition, without permission or for a transaction that is personal in nature. Misuse of the credit card will result in revocation of privileges of the credit card for future purchasing and, if necessary, appropriate disciplinary action will be taken. Liability for misuse of these cards shall accrue directly to the credit card user, and not the City.

Employees authorized to use a City credit card are responsible for lost or stolen cards. If a card is lost or stolen, immediately report the incident to the Finance Director and they will contact the credit card company.

Receiving and Inspection Policy Department Heads, or their designees, are responsible for receiving to their departments to ensure that items received conform to the specifications and quantities set forth in the purchase order requisition. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition. If there are any discrepancies, the Department Head or designee should contact the vendor and resolve the issue before submitting the invoice for payment. When items are sent in multiple shipments, the department should clearly indicate which items have been received and accepted when approving the invoice for payment.

### Billings

All billings are to be handled through the Finance Director. It is the responsibility of each department to notify the Finance Director of all billings that need to occur.

### Emergency Purchases Policy

When an emergency situation does not permit the use of the competitive purchasing process, the City Manager may determine the procurement methodology most appropriate to the situation. Appropriate documentation of the basis for the emergency should be submitted to the Finance Director within five (5) working days after making the purchase.

The City Mayor with the concurrence of one other council member may authorize the City Manager in writing to incur expenditures of not more than \$25,000 under emergency situations when the health, safety and welfare of the employees or residents of the City or their property are threatened and time constraints do not permit normal City Council expenditure approval. If the City Mayor is not available the Mayor Pro-tem of the City Council with the concurrence of one other council member may act in the City Mayor's absence to authorize the emergency expenditure. If neither the Mayor nor the Mayor Pro-tem of the City Council are available any two council members shall have the authority to authorize any emergency expenditure under the provisions of this section. The City Council shall be notified of the emergency expenditure within 48 hours and at the next regularly scheduled Council meeting and shall be provided a copy of the written authorization required by this section.

### Purchasing Authority

- The City Manager may make purchases of single items or amounts the purchase price of which is less than \$7,500. The City Manager may make purchases of commodities such as gas, diesel fuel, sand and gravel, asphalt and tar, cement, paving and crack filling materials and associated rental equipment, and drainage and sanitary sewer supplies such as culvert, pipe, and associated rental equipment for projects that are approved in the annual budget, providing that the purchases of single items or amounts in the foregoing categories do not exceed \$15,000.
- The City Manager has the authority with the advice and consent of the City attorney to settle property damage claims against the City which are less than \$5,000 and for which the City would appear in the opinion of the City attorney to have partial or total liability providing the claimant signs a release of liability in form approved by the City attorney. Any such claims under \$5,000 which are settled by the City manager shall be routinely reported to the City Council for informational purposes.
- The City Manager has the authority to make purchases/payments of landfill tipping fees, vehicle and building repair and maintenance, property insurance premiums, custodial and janitorial contracts, consultant contracts, equipment maintenance contracts and legal fees providing the purchases of single items or amounts in the foregoing categories does not exceed \$10,000.
- The City Manager has the authority to purchase equipment replacement and capital items up to the amount approved by the City Council and reflected in budget supplementary information.
- The City Manager has the authority to make payment on accounting and auditor fees not to exceed the amount provided in the budget supplementary information.

## **BILLING/ACCOUNTS RECEIVABLE COLLECTION POLICY**

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The establishment of a formal Billing/Accounts Receivable Collection policy is an important component of the City's financial policy and management efforts.

- A. The City shall not sell municipal materials (goods or supplies) to third parties unless authorized by the City Manager.
- B. The City reserves the right to require cash payment prior to the sale of any goods or services.
- C. Due diligence will be conducted by City staff for the collection of receivables. Accounts will be considered delinquent upon reaching 30 days beyond the date of the invoice or upon the first day after the due date as per the invoice. Invoices overdue will accrue appropriate penalties as defined by the Clerk/Treasurer and/or the Finance Committee.
- D. Accounts considered for writing-off are those that cannot be collected because of the inability to locate the party owing the City money, the party has filed for bankruptcy, or the expense of collected the delinquent funds owed to the City exceed the amount of the delinquency.
- E. Delinquent personal property tax bills that become a year overdue and are determined to be uncollectible by the Clerk/Treasurer will be presented to the Finance Committee and authorization to write-off will be required for any amounts over \$1,000. Delinquent personal property is exempt from any administrative fees or interest charges, as the interest and penalties associated with delinquent personal property taxes are set forth in state statutes.

## **SEGREGATION OF DUTIES & FINANCIAL CONTROLS POLICY**

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The City has established a system of internal financial controls to carry out its operations in an economical, efficient, effective and orderly manner. The primary objective of the internal control system is appropriate segregation of duties.

- A. Staff who create purchase orders shall not approve those purchase orders. That is, a person independent of the purchase order creation, must approve the purchase order.
- B. Staff who create purchase orders may approve receipt of goods for those purchase orders. However, where a variation to the original purchase order occurs, it must be approved by a person independent of the variation to the order.
- C. Staff who enter accounts payable invoices shall not approve payment of those invoices. A person independent of the invoice entry process must approve invoice payments. Payable checks shall be mailed by a person other than the person who created the checks.
- D. Staff who create accounts receivable invoices may also process credit notes and debt write-offs. However, these transactions are supported by documentation with sign-off authorized delegates, who do not have access to create account receivable invoices.
- E. Staff who create general journals and other system journals shall not approve those journals for posting to the general ledger. The City Manager, who is independent of the journal creation process, shall approve the posting of journals.

- F. Users with access to create accounts receivable invoices have retained access to add or change customer records in the address book. The City understands and recognizes the risk associated with this particular duty.
- G. Staff shall have a preference for system controlled on-line transactional environments with appropriate security and audit trails.
- H. Staff shall have end to end responsibility for any series of financially related transactions to be distributed among two or more staff members or departments.
- I. Non-compliance with established procedures are reported directly to the City Manager and the Finance Committee.
- J. At a minimum, payroll shall be reviewed by the appropriate designee by: Scanning the names of those paid for people who have been terminated or not hired, scanning the amounts paid to people to make sure they look reasonable in amount, and to review hours worked to validate that they are reasonable hours for the person doing the job.
- K. No one individual is to handle a cash transaction from receipt to deposit. If a department is unable to separate the receipt of cash and deposit function due to staffing limitations, a responsible employee independent from these functions (normally a department head or administrative senior employee) must be designated to verify that the total amount received equals the total amount deposited. This should be done daily, but no less than once a week.
- L. All deposits should be made intact; department receipts should never be used to replenish petty cash or other funds.
- M. All security and bid deposits received in negotiable form and escrowed funds or other funds requiring specialized handling should be held in the main vault at City Hall.
- N. The general operating standard for deposit of negotiable funds, cash and checks, to the primary depository shall be within twenty-four hours of receipt of those funds. Departments should weigh reasonableness and practicality versus security in determining the timing for the deposit of smaller amounts. All deposits not made daily should be held in a secured location such as a safe or vault.
- O. Segregation of deposit duties: The Clerk/Treasurer and/or Deputy Treasurer shall have the responsibility for creating all deposits for the City. The actual delivery of the deposits (in a sealed envelope) shall be the responsibility of the Finance Director or their designee.

# Attachment 2

## CITY FINANCIAL, MONETARY, AND BUDGETARY POLICIES

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The budget for the City of Kingsburg is a comprehensive guide for the financial decision-making and operational management throughout the fiscal year. The budget is not only a financial plan but also a performance plan to assist in accomplishing the strategic goals set forth by the City Council. This section describes the policies and procedures that govern the preparation and implementation of the City's budget as well as managing the short and long-term finances and investments of the City.

### 2016-17 Approved Budget Guidelines

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Each year, the respective subcommittees and City Council approve budget guidelines to provide guidance and assist in the development of the annual budget. The development of the 2016-17 budget will also incorporate the plans set forth in the City's strategic planning process, as well as a comprehensive employee survey. The proposed 2016-17 Budget guidelines are outlined below, and include:

#### Financials:

- Examine 5 year historical trending in all revenue and expenditure accounts.
- Analyze and update financial policies and procedures,
- Incorporate policies into 2016-17 budget. Identify non-dedicated fund balances, and define purpose or recommend usage alternatives.
- Fund long term future obligations and designated reserve accounts.
- Utilize one-time funds received to help pay down debt and purchase deferred capital equipment.
- Examine current and alternative revenue sources that promote long-term financial sustainability.
- Examine adequacy and equity of fees and revenues for services and programs.
- Examination of current street sweeping program to improve air quality and keep costs in line.

#### Citizen Commitment:

- Analyze performance measurement metrics to enhance service delivery efficiencies.
- Examine the most cost effective way of providing service and conducting business.
- Examine and where applicable reduce redundancies in service provisions.
- Enhance joint purchasing arrangements from a multi-community and City perspective.
- Maintain preventative infrastructure maintenance program and Capital Improvements funding.
- Examine additional energy efficiency initiatives to offset rising energy costs.

#### Personnel:

- Examine organizational structure and necessary staffing adjustments to meet growing organizational needs.
- Implement changes (if necessary) from collective bargaining agreements and employee handbook.

- Examine special fund contributions to the general fund to ensure allocations are appropriately structured to reimburse general fund (i.e. Water, Measure C, Local Transportation Funds, and Solid Waste).
- Transition to performance, metric based wage and evaluation compensation system.
- Examine and make recommendation on employee leave programs to proactively address GASB 45-Other Post Employment Benefit liabilities

#### Explanation of Budgetary Process

Although the administration of the existing budget is a constant process, the preparation of the next year's budget begins during January with the establishment of the annual budget guidelines which serve as written goals and parameters for the development of the annual operating budgets. The City uses the following procedures when establishing budgetary data reflected in this document:

- A. During January-February, planning meetings are held whereby the City Council, its sub-committees, and Department Heads receive input and subsequently develop areas of emphasis and specific action items in order to provide a framework for the budget development.
- B. In April, a budget session with Department Heads is held at which time budget instructions for the ensuing year are given by the City Manager.
- C. In April, the department heads submit to the City Manager, proposed operating budgets for the fiscal year which commences the following July 1. The operating budget includes proposed expenditures and means of financing them.
- D. In May, the City Manager submits the Executive Budget to the City Council. Copies of the budget are made available for general public use at the City Clerk's Office and online via the City's website and other social media outlets.
- E. A budget public meeting/workshop is held by the City Council and City staff in early part of June. A public hearing is held the middle of June concerning the proposed budget.
- F. During the second Council meeting in June, the City Council approves by resolution the proposed budget.

#### Budget Overview

Beginning with the 2015-2016 budget, the document was evaluated by the Government Finance Officers Association (GFOA), which offers critiques, praise, and other suggestions to help improve every aspect of the budget document. The City was honored to receive the GFOA Distinguished Budget Award for the first time. The award reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting.

The budget guidelines approved by the City Council were used as the foundation to create the 2016-17 financial blueprint for the City. The 2016-17 budget is designed to provide ease of use to the reader, while acting as a financial conduit for all City related expenses. We anticipate submitting the document for review to the GFOA for the second consecutive year. Overall, the budget is designed and graded based upon the following:

#### **The Budget as a Policy Document**

As a policy document, the budget indicates what services the City will provide during the next fiscal year. Throughout the document the reader will have the opportunity to view both long and short-term goals, and how the financial policies will interact to meet the needs of City residents.

#### **The Budget as an Operations Guide**

As an operations guide, the 2016-2017 budget provides detailed expenditures based upon departmental need. Each department is responsible for specific actions that feed into the overall organizational plan.

#### **The Budget as a Financial Plan**

As a financial plan, the budget summarizes and details the cost to the citizens of Kingsburg for services received, as well as funding information. The document will outline major revenue sources, expenditures, and overall changes and challenges from previous years. The Budget in Brief provides a quick synopsis of expenditures and revenues.

#### **The Budget as a Communications Device**

Perhaps the most important part of the budget document is to make sure it is a usable, readable document for citizens, elected officials, and staff alike. Staff has worked diligently to provide summary information available in text, charts, tables, and graphs.

The user will notice several departmental goals, as well as how they are incorporated into the overall budget and management methods.

#### **GENERAL OPERATIONS POLICY**

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The establishment of general operations policy statements is an important component of the City's financial management policy and planning efforts.

##### **A. Accounting**

- The City will establish and maintain the accounting systems according to GAAP.
- An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements. In addition, full disclosure will be provided in the financial statements and bond representations.
- Financial systems will be maintained to monitor expenditures and revenues on a monthly basis and all revenue collections will be consolidated under the Finance Director. A cash-flow analysis, including disbursements, collections, and investments, will be prepared on a regular basis indicating that sufficient cash is available for daily financial needs.
- Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported as reservations of fund balance.
- The City will establish and maintain a depreciation schedule based on the straight-line method. The useful life of capital assets will be based on internal information,

information on comparable assets from other governments, and general guidelines from professional or industry organizations.

**B. Revenue**

- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- Any amounts due to the City will be carefully and routinely monitored. An aggressive policy of collection will be followed for all receivables. In addition, proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
- All potential grants and other aid shall be carefully examined for matching requirements and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.

**C. Budget & Capital Improvements**

- The City will pay for all current operating expenses with current revenues and will avoid budgetary procedures that balance current costs at the expense of future years, such as postponing necessary expenses, accruing future revenues, or rolling over of short-term debt.
- The City will prepare and maintain a multi-year capital improvements plan and project its equipment replacement needs for at minimum the next five years. Estimated costs of each capital improvement projected for each year will be included in the annual budget, including the impact to annual operating expenditures.
- Intergovernmental funding sources for capital improvements from the federal, state, and private sector will be actively sought and used as available to assist in financing of capital improvements.

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**BUDGET AMENDMENT POLICY**

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Following the adoption of the annual budget, budget transfers and supplemental appropriations are made based on the following:

**A. Items requiring City Council Action**

- Appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.

**B. Items delegated to the City Manager**

- Since the annual City budget is adopted at the functional level of expenditure (program categories, i.e., Public Works and Public Safety), the City Manager may authorize any intra-program line item change, i.e., utilities, local auto expense, supplies, etc. between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.

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**FINANCIAL PROCEDURES & INVESTMENT POLICY**

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The purpose of this policy is to establish investment objectives; to delegate authority for the execution and reporting of investments; to establish standards of prudence; to direct the development of internal control; to establish standards for Depositories, to set and establish collateral requirements; and to identify permitted investment.

This investment policy applies to all cash assets of the City, except:

- A. Funds which are held by an external trustee and are restricted in their investment by terms of a trust indenture; in which case the trust indenture shall regulate investment activities;
- B. Funds granted to or held in custody by the City, under terms which provide for or restrict their investment in a particular manner; in which case said provisions or restrictions shall regulate investment activities;
- C. Funds otherwise restricted by State or Federal laws or regulations; in which case said restrictions shall regulate investment activities.

The primary objectives of investment activities shall be the following in order of importance: safety, liquidity, and yield:

- A. **Safety:** Preservation and safety of principal are the foremost objective of the investment program. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In addition, all risks associated to City funds and investments will be disclosed on an annual basis or as requested.
  1. **Credit Risk** - The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:
    - o Limiting investments to the types of securities listed in this Investment Policy.
    - o Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.
    - o Diversifying the investment portfolio.
  2. **Interest Rate Risk** - The City will minimize rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
    - o Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
  - Utilizing securities with adjustable coupon rates to minimize price volatility.
- B. Liquidity: The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- C. Yield: The investment portfolio shall be designed with the objective of attaining a rate of return/yield throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity unless as deemed appropriate by the City Manager, or for the following exceptions:
  1. A security with declining credit may be sold early to minimize loss of principal.
  2. A security swap would improve the quality, yield, or target duration in the portfolio.
  3. Liquidity needs of the portfolio require that the security be sold.

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#### STANDARDS OF CARE & REPORTING

- A. Prudence:
 

The City's investments shall be made with judgment and care, under prevailing circumstances, which a person of prudence, discretion, and intelligence would exercise in that management of the person's own affairs, not for speculation, but for investment, considering the safety of capital and the yield to be derived.
- B. Ethics and Conflicts of Interest:
 

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or be perceived to conflict with proper execution of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.
- C. Delegation of Authority:
 

The City Council (the "Council") is ultimately responsible for the investment of City funds. The responsibility for conducting investment transactions is delegated to the Finance

Committee (the "Committee") which shall conduct its day- to-day activities through the office of the Finance Director. The Finance Director may, with Committee and Council approval, receive assistance from one or more investment advisors. The Finance Director will provide investment data, statistics and recommendations to the Committee to aid in investment decisions.

**D. Reporting Requirements:**

The Finance Director shall report investment portfolio performance to the Committee at least annually or when a specific request is made. The report will summarize the investment strategies employed, describe the portfolio in terms of investment securities, maturities, risk characteristics and other factors. The report will indicate any areas of policy concern and suggested or planned revision of investment strategies. The Committee shall report investment portfolio performance to the Council annually and shall ask the Council to review its investment strategies at least annually.

**E. Internal Controls:**

The Finance Director shall establish a system of internal controls, which shall be approved by the Committee. The internal controls shall be reviewed by an independent certified public accountant in conjunction with the annual examination of the financial statements of the City. The controls shall be designed to forecast cash flows, maximize the investment of available balances, fully report results of investment activities and prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the City.

All purchases and sales of investment securities must be authorized by the City Manager and Clerk/Treasurer, or in one's absence, the Deputy Treasurer. All bank accounts shall be reconciled on a monthly basis and shall be completed in a reasonable time after the receipt of the monthly bank statement.

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**AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS**

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**A. Depositing of Funds:**

All currency, checks, drafts or other funds in any form payable to the bearer, or endorsed for payment, shall be promptly deposited in an approved Depository, so designated by the Council.

Designation by the Council shall be given only when the financial institution meets all Public Depository requirements provided for by applicable State and Federal laws and regulations, and the following additional criteria:

**1. Deposit Insurance:**

The financial institution is a member of the Federal Deposit Insurance Corporation (FDIC) and deposits made with the financial institution are insured to the maximum permitted by the FDIC.

**2. Depository Agreement:**

Any financial institutions acting as a depository for the City must enter into a "depository agreement" requiring the depository to:

- a. Pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the City (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.
- b. Require the custodian to send statements of pledged collateral to the City Finance Director on a monthly basis.
- c. Annually, provide the City its audited financial statements.
- d. Provide the City normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale investment securities and safekeeping services. Fees, if any, shall be mutually agreed to by an authorized representative of the depository bank and the City Clerk/Treasurer.

**B. Preferences for Local Financial Institutions:**

All else being equal comparing financial institutions meeting the criteria set forth, the City Council will give preference in selection to those financial institutions who maintain offices in the immediate area.

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**COLLATERALIZATION**

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**A. Collateral Required:**

All City funds held in City Depositories which are not held in investment securities registered in the name of the City shall to the extent they exceed federal deposit insurance and state public deposit security fund coverage limits, be collateralized as provided in this Section. The City will minimize the amount of time that cash and investments are held at any given bank exceeding \$500,000, understanding that certain times during the year, it may be temporarily unavoidable to not exceed these dollar amounts due to fluctuating cash flows, and depository requirements.

**B. Form of Collateral:**

Except as provided in Subparagraph a. of Subsection C.1. of this Section, collateral shall be pledged in the name of the City and must be one of the following:

1. Securities of the U.S. Treasury or U.S. Governmental Agency as defined by the Federal Reserve. If held herein, the collateral may consist of any reserves deemed acceptable by the Federal Reserve Bank to meet other reserve requirements of the Depository provided it is held in a sub-account which names the City as beneficiary.
2. U.S. government guaranteed securities such as those issued through the Small Business Administration, provided they are fully guaranteed.
3. General obligations of states or municipalities provided they are rated in the highest or second highest rating categories by Moody Investors Service, Inc., Standard and Poor's Corporation or Fitch Investors Service, L.P.

**C. Valuation of Collateral:**

1. Valuation: Collateral must be marked to market not less frequently than monthly and its value reported on the monthly statement.
2. Sufficiency: The value of the collateral must equal 105% of the amount requiring collateralization. Additional collateral is to be requested when the monthly statement indicates a deficiency.

**D. Substitution of Collateral:**

Collateral agreements are to prohibit the release of pledged assets without the authorization of the Finance Director, however, exchanges of collateral of like value are to be permitted.

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**AUTHORIZED INVESTMENTS**

Funds of the City which are not immediately needed for payment of obligations shall be invested to the greatest extent practical, in accordance with applicable Statutes, if the funds have been appropriated for the payment of debt service, and California Statutes, if the funds are to be used for any other purpose. The following investment securities are permitted to be used:

1. U.S. Treasury Obligations and Government Agency Securities.
2. Certificates of Deposit.
3. Municipal General Obligations.
4. LAIF.
5. Repurchase Agreements.
6. Operating Bank Account.
7. Money Market Funds.
8. Commercial Paper.
9. Bonds rated in the highest or second highest rating category.

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**INVESTMENT TRANSACTIONS & PARAMETERS**

**A. Co-mingling of Funds:**

The Finance Director may pool cash from several different funds for investment purposes, provided such co-mingling is permitted by law, and records are maintained which show that interest earned on such investments has been fairly allocated to each originating fund.

**B. Securities Firms:**

The Finance Director is authorized to execute purchases and sales of Permitted Securities with City Depositories or with securities firms previously approved by the Committee, (the "Approved List"). Such firms must be licensed to conduct business in California, shall be a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation.

**C. Diversification:**

The investment policy incorporates the investment strategy and as such, will allow for diversification of investments to the extent practicable considering yield, collateralization, investment costs, and available bidders. Diversification by investment institutions shall be determined by an analysis of yield, collateral, investment costs, and available bidders. Diversification by types of securities and maturities may be as allowed by this policy and California State Statutes.

D. Maximum Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. However, the maximum maturities for any single investment shall not exceed five (5) years, except for reserve funds. The maximum dollar-weighted average maturity for pooled investments will not exceed three (3) years. Reserve funds may be invested in securities not to exceed ten (10) years if the maturity of such investments is made to coincide as nearly as practicable with the expected call date or final payment date, whichever is shorter. For securities with adjustable rate coupons, the average time to coupon reset will be used as a measure of average maturity.

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APPROVAL OF INVESTMENT POLICY AND AMENDMENT

This investment policy is intended to clarify, amend, and supersede existing investment policies. The Committee is delegated the authority to amend this Investment Policy from time to time as it deems such action to be in the best interest of the City. Any such amendment shall be promptly recommended to the City Council for consideration. When amendment occurs, any investment currently held that does not meet the guidelines of the amended policy, shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the amended policy within six (6) months of the policy's adoption or the Committee must be presented with a plan through which investments will come into conformance.

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FUND BALANCE POLICY

The establishment of a formal fund balance policy is an important component of the City's financial management policy. Maintaining appropriate levels of fund balance is a key element of the City's overall financial health. This policy is intended to set targets for the desired level of fund balances, identify the approach to maintain these levels, and to provide guidelines for the use of fund balance.

- A. To insulate the City from large, unanticipated one-time expenditures or revenue reductions resulting from external changes.
- B. To provide funds to allow the City to respond to unforeseen emergencies.
- C. To provide sufficient working capital to eliminate the need for short-term borrowing due to the timing of the receipt of short-term receivables and the remittance of short-term payables.
- D. To strive to maintain a general fund balance equal to or above 20% of budgeted general fund appropriations. In determining the acceptable range of general fund balance, the City considers the following factors:
  - 1. Historical stability of the City's revenues and expenditures.
  - 2. Timing of revenue collections in relation to payments made for operational expenditures.
  - 3. Anticipated growth in the services to be provided City residents.
- E. Apply any operational surplus at the end of any fiscal year to the reserve for working capital if necessary to meet policy minimums.
- F. Eliminate the budgeted use of fund balance if its use would reduce the available balance below policy minimums.

#### FUND BALANCE AND RESERVE FUND REQUIREMENTS

The City recognizes that fund balances are targeted objectives to ensure the long-term stability of the City's finances. From time to time, upon City Council authorization, the funds may not contain the stated goal. This is done with the understanding that it is in the best interests of the taxpayers and most cost effective manner to utilize the reserve funds.

The City also recognizes that in some instances, it will take time to build the fund balances to the desired level. The timeframe for achieving the desired level is balanced with the short and long term financial considerations of the City.

- A. General Fund - The fund balance shall not be less than 20% of the budgeted general fund appropriations as approved by the City Council as of July 1 of each year. Any excess shall be allocated and approved by the City Council upon completion of the annual audit of City financials. Amounts over the 20% will be allocated as deemed necessary into designated reserve accounts by the City Council.

#### DEBT MANAGEMENT POLICY

Debt can be an effective way to finance capital improvements. State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. Properly managed debt preserves credit ratings, provides flexibility in current and future operating budgets, and provides long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the City has adopted the following (below) debt management policy objectives.

- A. Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least five years.
- B. Short-term debt should be limited, but may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years, when deemed financially prudent.
- C. Debt maturity will not exceed the lesser of: the useful life, or the period of probable usefulness of the object or purpose so financed.
- D. The annual operating budgets of all funds will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year.
- E. The total amount of outstanding debt will comply with State Statutes.
- F. Good communications will be maintained with bond rating agencies, bond counsel, banks, financial advisors, and other involved in debt issuance and management.
- G. Comprehensive annual financial reports and official statements will reflect the City's commitment to full and open disclosure concerning debt.

#### CAPITALIZED FIXED ASSETS POLICY

The purpose of this policy is to establish a general policy for Capitalized Fixed Assets including standards for valuation of assets with a useful life greater than one-year. This policy applies to the purchases of all departments and divisions of the City of Kingsburg. The provisions of California Statute take precedence over any portion of this policy that may be in conflict. More

restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence.

- A. The Fixed Assets Account Group shall include general fixed assets, i.e., non-infrastructure assets. Infrastructure assets are assets that are immovable and of value only to the City government, e.g., buildings, sewers, and streets. As a general rule, "capitalized" items maintained within the Fixed Assets Account Group shall have an expected useful life greater than one year and a purchase, donated or assessed value equal to or greater than \$5,000. For computer equipment, initial operating software shall be included but subsequent operating software and application software shall be excluded.
- B. Generally repairs will not qualify for changing the initial capitalized value. Only major replacements of components and/or additions which significantly change the initial capitalized value or significantly extend the expected useful life of any capitalized item shall be considered in order to substantiate any subsequent year value change of an asset maintained within the Fixed Assets Account Group.
- C. Encumbrances are commitments related to requisitions or contracts that have been issued, but for which no goods or services have yet been received. Encumbrances are recorded as they occur for budgetary control purposes.

The issuance of a purchase order requisition or the signing of a contract creates an encumbrance of the amount required to be paid during the current year. This amount is no longer available for obligation or expenditure, unless the purchase order requisition or contract is canceled. Encumbrance records shall be maintained by the City Finance Director.

#### ASSET VALUATION

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Departments shall record long-term assets at historic cost or, if the cost is not readily determined, at estimated historic cost. Cost shall include applicable ancillary costs. All costs shall be documented, including methods and sources used to establish any estimated costs.

- A. Purchased Assets - the recording of purchased assets shall be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.
- B. Salvage Value – the recording of purchased assets that are expected to be sold at retirement should be recorded with the historical estimated sale value if in excess of \$5,000. If sale value is less than \$5,000, normal depreciation for the useful life will be used.
- C. Self-Constructed Assets – All direct costs (including labor) associated with the construction project shall be included in establishing a self-constructed asset valuation. If a department is unable to specifically identify all direct costs an estimate of the direct cost is acceptable, but must be supported by a reasonable methodology.

- D. Donated Assets –Fixed assets acquired by gift, donation or payment of a nominal sum not reflective of the asset’s market value shall be assigned cost equal to the fair market value at the time of acquisition.
- E. Leased Property - Capital lease property should be recorded as an asset and depreciated as though it had been purchased.
- F. Dedicated Assets –Required installation by Developer of public improvements, including but not limited to sanitary service mains, manholes, laterals and all appurtenances, water mains, laterals, hydrants, valves and all appurtenances, storm sewers, stormwater management measures, streets, curb and gutter, street lights, street signs, sidewalks will be dedicated to the City upon completion. Recording of infrastructure assets will be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation provided by the Developer.

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#### PURCHASING & EXPENDITURE/EXPENSE POLICY

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##### Goal

Expenditure/expenses are a rough measure of a local government’s service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the City of Kingsburg has adopted the expenditure/expense policy. The controls and procedures set forth are intended to provide reasonable assurance that the lowest cost, highest quality good or service is obtained, while balancing the need for flexibility and efficiency in departmental and City operations.

##### Coverage

This policy applies to the purchases of all departments and divisions of the City of Kingsburg. The provisions of California Statute take precedence over any portion of this policy that may be in conflict. More restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence.

##### Ethical Standards

1. All procurement shall comply with applicable federal, state and local laws, regulations, policies and procedures.
2. Employees are not to engage in any procurement related activities that would actually or potentially create a conflict of interest, or which might reasonably be expected to contribute to the appearance of such conflict.
3. No employee shall participate in the selection, award or administration of a contract if a conflict of interest would be involved. Such a conflict would arise when the employee, any member of his immediate family, business partner or any organization that employs, or is about to employ, any of the above, has a financial interest or other interest in the firm selected for award.

4. To promote free and open competition, technical specifications shall be prepared to meet the minimum legitimate need of the City and to the extent possible, will not exclude or discriminate against any qualified contractors.
5. No employee shall solicit or accept favors, gratuities, or gifts of monetary value from actual or potential contractors or subcontractors.
6. Employees must maintain strict confidentiality in the procurement process and shall not impart privileged information to any contractors that would give them advantage over other potential contractors.
7. Personal purchases for employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchase.

#### General Guidelines

1. Purchases are classified into the following major categories:
  - a. Goods (tangible items): e.g. equipment, supplies, vehicles
  - b. Services: items requiring outside labor, maintenance agreements, etc.
  - c. Construction of public buildings and improvement
2. Purchasing Oversight
  - o Department heads are responsible for procurement issues in their individual departments. Departments are to insure that the purchase order requisitions are entered prior to purchases, receipts are collected and recorded, and the requisition is put through for payment and will be responsible to respond to questions on the payment or non-payment of the item.
3. Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
4. Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
5. For items that are purchased regularly or by multiple departments, departments are encouraged to use cooperative purchasing or purchasing in bulk in order to reduce City costs.
6. The Finance Director shall review each request to determine compliance with the City's budget and purchasing policy.
7. This purchase order requisition must include the invoice must and forwarded to the Finance Director for processing the payment.

#### 1. Purchases under \$1,000

Purchases under \$1,000 ~~may~~ shall be made as follows: with the approval of City Department Heads prior to making the purchase.

#### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment in an amount up to one-thousand dollars (\$1,000.00) shall be made only by purchase order approved by the City Department Head~~department head~~.

#### Unbudgeted Supplies, Services and Equipment

Purchase of supplies, services and equipment not contained in the annual budget in an amount up to one thousand dollars (\$1,000.00) shall be made only by purchase order approved and signed by the Department Head~~department head~~ and the City Manager or Finance Director.

Department heads are responsible for monitoring all purchases made using this procedure to ensure that the City is receiving a high value for its expenditures.

#### 2. Purchases of at least \$1,000 and under ~~\$25,000~~

Purchases of at least \$1,000 and under ~~\$25,000~~ ~~may~~ shall be made as follows: with the approval of the Department Head prior to making the purchase.

#### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment between one thousand dollars (\$1,000.00) and ~~twenty-five~~ thousand dollars (~~\$25,000.00~~) shall be preceded by obtaining no less than two (2) quotations ~~either received in writing or taken verbally and logged in writing~~ from separate vendors for compatible items. Such purchases shall be made by purchase order with the approval of the Department Head and City Manager or Finance Director.

#### Unbudgeted Supplies, Services and Equipment

Purchases of supplies, services and equipment not contained in the annual budget between one thousand dollars (\$1,000.00) and ~~twenty-five~~ thousand dollars (~~\$25,000.00~~) shall be with the approval of the City Council after presenting no less than two (2) quotations ~~either received in writing or taken verbally and logged in writing~~ from separate vendors for compatible items. Such purchases shall be made by purchase order with the approval of the Department Head and City Manager or Finance Director.

The purchase order ~~requisition~~ for the item must be ~~entered into~~ provided to the City's Finance Director within 4 days ~~of making after approval of~~ the purchase. If the selected vendor did not offer the lowest price, the ~~request should~~ purchase order must include an explanation of why ~~another~~ the vendor offering the lowest price was not chosen.

#### 3. Purchases of a least ~~\$25,000~~ and ~~under \$100~~ less than \$100 ~~25,000~~

Purchases of at least \$25,000 and under \$100,000 shall be made as follows;

#### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment between ~~twenty-five~~ thousand dollars (~~\$25,000.00~~) and ~~twenty-five-one~~ -hundred thousand dollars (~~\$100~~ ~~100~~ 25,000.00) shall be preceded by two (2) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no

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formal bid process is directed, such purchases shall be made by purchase order with the approval of the ~~Department Head~~~~department head~~ and the City Manager.

#### Unbudgeted Supplies, Services and Equipment

Purchases of supplies, services and equipment not contained in the annual budget between ~~twenty-five~~ thousand dollars (\$~~25,000.00~~) and ~~one twenty-five~~~~one-hundred~~ thousand (\$~~100,000~~~~25,000.00~~) shall be preceded by two (2) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the ~~Department Head~~~~department head~~ and the City Manager. In either case, formal bids or not, unbudgeted purchases shall be made only with the approval of the City Council. If the selected vendor does not offer the lowest price, the City Council will be provided request should include with an explanation of why the another vendor offering the lowest price was not chosen.-is recommended.

~~If the selected vendor does not offer the lowest price, the request should include an explanation of why another vendor is recommended.~~

#### 6.4. Purchases greater than \$~~100,000~~~~25,000~~

Purchases greater than \$100,000 shall be made as follows:

#### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment greater than ~~one twenty-five~~~~one-hundred~~ thousand dollars (\$~~100,000~~~~25,000.00~~) shall be preceded by three (3) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the ~~Department Head~~~~department head~~ and the City Manager. If the selected vendor does not offer the lowest price, the request should purchase order must include an explanation of why the another vendor offering the lowest price was not chosen.-is recommended.

#### Unbudgeted Supplies, Services and Equipment:

Purchases of supplies, services and equipment not contained in the annual budget greater than ~~one twenty-five~~~~one-hundred~~ thousand (\$~~100,000~~~~25,000.00~~) shall be selected through a formal bidding process. These purchases shall be made only with the approval of the City Council. If the selected vendor does not offer the lowest price, the City Council will be provided request should include with an explanation of why the vendor offering the lowest price was not chosen. another vendor is recommended.

~~The Finance Director reviews the request to determine compliance with the City's budget and purchasing policy and makes a recommendation to the City Manager who may approve or reject the request.~~

~~This purchase order requisition must be included with the invoice and forwarded to the Finance Director for processing of the payment.~~

#### Emergency Purchases Policy

~~When an emergency situation does not permit the use of the competitive purchasing procedures identified above, process, the City Manager may determine the procurement methodology most appropriate method to the make the procurement of one hundred thousand dollars (\$100,000.00) or less to the situation. Appropriate documentation of the identifying the basis for the emergency and the method of procurement ~~should~~ will be submitted to the Finance Director within five (5) working days after making the purchase.~~

~~The City Mayor with the concurrence of one other council member may authorize the City Manager in writing to incur expenditures of more than one hundred thousand dollars (\$100,000.00) but not more than two hundred fifty thousand dollars (\$250,000.00) under emergency situations when the health, safety and welfare of the employees or residents of the City or their property are threatened and time constraints do not permit normal City Council expenditure approval. If the City Mayor is not available the Mayor Pro-tem of the City Council with the concurrence of one other council member may act in the City Mayor's absence to authorize the emergency expenditure. If neither the Mayor nor the Mayor Pro-tem of the City Council are available, any two council members shall have the authority to authorize any such emergency expenditure. under the provisions of this section. The City Council shall be notified of the emergency expenditure within 48 hours after the decision to make the expenditure. ~~and a~~ At the next regularly scheduled City Council meeting the City Council ~~and shall be provided~~ with all the information and documentation regarding with expenditure including a copy of the written authorization required for the expenditure. required by this section~~

#### Purchases of Services

Whenever practical, the purchase of services should be conducted based upon a competitive process:

- Contractor services is defined as the furnishing of labor, time or effort by a contractor, usually not involving the delivery of specific goods or products other than those that are the end result of and incidental to the required performance. Examples of contractor service include: refuse and recycling collection, maintenance, mailing, or delivery services. Contractor services shall follow the competitive procurement policy for the purchase of goods subject to the same spending guidelines. The cost shall be determined by considering the maximum total expenditure over the term of the contract.
- Construction services is defined as substantial repair, remodeling, enhancement construction or other changes to any City owned land, building or infrastructure. Procedures found with in State of California Statute shall take precedence. In absence of guidance in these areas, construction services shall follow the competitive procurement policy for the purchase of goods subject to the same spending guidelines.

- Combined Goods and Services in situations where the purchase combines goods and services (exclusive of construction and contractor services), such as many technology projects, the purchase shall be treated as a purchase of professional services.
  - Professional services is defined as consulting and expert services provided by a company, organization or individual. Examples of professional services include: attorneys, certified public accountants, appraiser, financial and economic advisors, engineers, architect, planning and design. Professional services are generally measured by the professional competence and expertise of the provider rather than cost alone.
1. If it is estimated that the service being solicited has a total cost of over \$25,000 a formal Request for Proposal may be used to solicit vendor responses. The department head shall be responsible for the preparation of all Requests for Proposal specifications, notices and advertising. Prequalification of proposers may be done at the discretion of the department head.
    - The Purpose of an RFP is to solicit proposals with specific information on the proposer and the service offered which will allow the City to select the best proposal. The best proposal is not necessarily the proposal with the lowest cost.
    - Based upon the services or project and the magnitude of the outcome a selection committee may be advisable.
    - Requests for proposals shall be formally noticed. All notices and solicitations of proposals shall state the time and place of the proposal opening.
    - Information to be requested of the proposer should include : Number of years the proposing company has been in business, company's experience in the area of desired services, financial strength of the company, examples of similar services/projects completed, resumes of staff that will be associated with the project/service, list of references, insurance information. In addition the proposal should provide information about the City, scope of services requested and any outcomes. The proposal should also identify evaluation factors and relative importance.
    - Establish selection criteria and include this information with the RFP. It is generally advisable to establish a numeric ranking matrix. This reduces the subjective nature of the rating process.
    - Proposals should be solicited from an adequate number of qualified sources. Requests for proposal should be formally noticed. All notices and solicitations should provide the issue date, response due date, date and time of opening responses and a contact person.
    - Proposals shall be opened and recorded with a tabulation of proposals received shall be available for public inspection. All proposal documentation shall be placed on file with the City Clerk. The Department Head and selection committee (if applicable) will then review the proposals and make a recommendation to the City Council.
      - Service contracts or agreements should be reviewed by the City Insurance Company and the City Attorney and placed on file with the City Clerk.

#### Sole Source Purchasing Policy

Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand the scrutiny of the City Council and the public. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available.

Sole source purchasing criteria include:

1. Urgency due to public safety, serious injury, financial or other unusual and compelling reasons.
  2. Goods or service is available from only one source and no other good or service will satisfy the City's requirements
  3. Legal services provided by an attorney
  4. Lack of acceptable bids or quotes
  5. An alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs
  6. Standardization of a specific product or manufacturer will result in a more efficient or economical operation
  7. Aesthetic purposes or compatibility is an overriding consideration
  8. Purchase is from another governmental body
  9. Continuity achieved in a phased project
  10. Supplier or service demonstrates a unique compatibility not found elsewhere
- Sole source purchases follow the same necessary approval process as described above under the purchasing of goods.

#### Petty Cash Policy

The City maintains a petty cash account to expedite the miscellaneous purchases and payment of small bills. Petty cash funds are available at City Hall.

To be eligible to use the petty cash fund, the following requirements must be met:

1. The item to be purchased must not be regularly stocked
2. The employee must have a petty cash slip completed which includes the item(s) to be purchased, the amount of petty cash needed and the account number the purchase is budgeted to.

Upon completion of the purchase, the employee must return the receipt and any change to the Finance Director/Designee. The designee in charge of the petty cash funds is responsible to enter in all the petty cash expenditures using a purchase order requisition in order to receive a replenishment of petty cash funds.

#### Employee Reimbursement Policy

If the need arises to purchase an item for the City with personal funds, the employee must submit the receipt and an Expense Reimbursement Form to the Finance Director. This form should include a detailed listing of the items purchased and must be signed by the employee to be reimbursed, his or her Department Head and the Finance Director. It is the responsibility of

the employee making the purchase to ensure that any available discounts are applied and that sales tax is not included, when applicable.

#### Credit Card Policy

The City maintains a credit card account that may be used when it is impractical or inefficient to follow the normal payment process. The Finance Director shall administer the use of the City credit card. To use the City credit card, the employee must have a purchase order requisition form completed and signed by the Department Head. The requisition will include the item(s) to be purchased, the limit of funds to be spent and the account number the purchase is budgeted to. Upon completion of its use, the credit card shall immediately be returned to the Finance Director along with the receipt and the purchase order requisition.

The use of these cards shall be strictly for the purchase of approved goods. Employees using the credit cards are responsible for any credit, returns or disputes regarding purchases made by the employee. If a return or credit is made, you must notify the Finance Director.

At no time is the credit card user permitted to use the City credit card for any purchases not on an approved purchase order requisition, without permission or for a transaction that is personal in nature. Misuse of the credit card will result in revocation of privileges of the credit card for future purchasing and, if necessary, appropriate disciplinary action will be taken. Liability for misuse of these cards shall accrue directly to the credit card user, and not the City.

Employees authorized to use a City credit card are responsible for lost or stolen cards. If a card is lost or stolen, immediately report the incident to the Finance Director and they will contact the credit card company.

#### Receiving and Inspection Policy

Department Heads, or their designees, are responsible for receiving to their departments to ensure that items received conform to the specifications and quantities set forth in the purchase order requisition. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition. If there are any discrepancies, the Department Head or designee should contact the vendor and resolve the issue before submitting the invoice for payment. When items are sent in multiple shipments, the department should clearly indicate which items have been received and accepted when approving the invoice for payment.

#### Billings

All billings are to be handled through the Finance Director. It is the responsibility of each department to notify the Finance Director of all billings that need to occur.

#### Emergency Purchases Policy

~~When an emergency situation does not permit the use of the competitive purchasing process, the City Manager may determine the procurement methodology most appropriate to the~~

situation. Appropriate documentation of the basis for the emergency should be submitted to the Finance Director within five (5) working days after making the purchase.

The City Mayor with the concurrence of one other council member may authorize the City Manager in writing to incur expenditures of not more than \$25,000 under emergency situations when the health, safety and welfare of the employees or residents of the City or their property are threatened and time constraints do not permit normal City Council expenditure approval. If the City Mayor is not available the Mayor Pro tem of the City Council with the concurrence of one other council member may act in the City Mayor's absence to authorize the emergency expenditure. If neither the Mayor nor the Mayor Pro tem of the City Council are available any two council members shall have the authority to authorize any emergency expenditure under the provisions of this section. The City Council shall be notified of the emergency expenditure within 48 hours and at the next regularly scheduled Council meeting and shall be provided a copy of the written authorization required by this section.

#### Purchasing Authority

- The City Manager may ~~make approve~~ purchases ~~for the of single items or~~ amounts ~~the purchase price of which is less than \$7,500. The City Manager may make purchases of commodities such as gas, diesel fuel, sand and gravel, asphalt and tar, cement, paving and crack filling materials and associated rental equipment, and drainage and sanitary sewer supplies such as culvert, pipe, and associated rental equipment for projects that are approved in the annual budget, providing that the purchases of single items or amounts in the foregoing categories do not exceed \$15,000, as outlined in the policy above.~~
- The City Manager has the authority with the advice and consent of the City attorney to settle property damage claims against the City which are less than \$5,000 and for which the City would appear in the opinion of the City attorney to have partial or total liability providing the claimant signs a release of liability in form approved by the City attorney. Any such claims under \$5,000 which are settled by the City ~~Manager~~manager shall be routinely reported to the City Council for informational purposes.
- ~~The City Manager has the authority to make purchases/payments of landfill tipping fees, vehicle and building repair and maintenance, property insurance premiums, custodial and janitorial contracts, consultant contracts, equipment maintenance contracts and legal fees providing the purchases of single items or amounts in the foregoing categories does not exceed \$10,000.~~
- ~~The City Manager has the authority to~~ purchase equipment, replacement and capital items up to the amount approved by the City Council and reflected in budget supplementary information.
- The City Manager has the authority to make payment ~~on of~~ accounting and auditor fees not to exceed the amount provided in the budget supplementary information.

The establishment of a formal Billing/Accounts Receivable Collection policy is an important component of the City's financial policy and management efforts.

- A. The City shall not sell municipal materials (goods or supplies) to third parties unless authorized by the City Manager.
- B. The City reserves the right to require cash payment prior to the sale of any goods or services.
- C. Due diligence will be conducted by City staff for the collection of receivables. Accounts will be considered delinquent upon reaching 30 days beyond the date of the invoice or upon the first day after the due date as per the invoice. Invoices overdue will accrue appropriate penalties as defined by the Clerk/Treasurer and/or the Finance Committee.
- D. Accounts considered for writing-off are those that cannot be collected because of the inability to locate the party owing the City money, the party has filed for bankruptcy, or the expense of collecting the delinquent funds owed to the City exceed the amount of the delinquency.
- E. Delinquent personal property tax bills that become a year overdue and are determined to be uncollectible by the Clerk/Treasurer will be presented to the Finance Committee and authorization to write-off will be required for any amounts over \$1,000. Delinquent personal property is exempt from any administrative fees or interest charges, as the interest and penalties associated with delinquent personal property taxes are set forth in state statutes.

#### SEGREGATION OF DUTIES & FINANCIAL CONTROLS POLICY

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The City has established a system of internal financial controls to carry out its operations in an economical, efficient, effective and orderly manner. The primary objective of the internal control system is appropriate segregation of duties.

- A. Staff who create purchase orders shall not approve those purchase orders. That is, a person independent of the purchase order creation, must approve the purchase order.
- B. Staff who create purchase orders may approve receipt of goods for those purchase orders. However, where a variation to the original purchase order occurs, it must be approved by a person independent of the variation to the order.
- C. Staff who enter accounts payable invoices shall not approve payment of those invoices. A person independent of the invoice entry process must approve invoice payments. Payable checks shall be mailed by a person other than the person who created the checks.
- D. Staff who create accounts receivable invoices may also process credit notes and debt write-offs. However, these transactions are supported by documentation with sign-off authorized delegates, who do not have access to create account receivable invoices.
- E. Staff who create general journals and other system journals shall not approve those journals for posting to the general ledger. The City Manager, who is independent of the journal creation process, shall approve the posting of journals.

- F. Users with access to create accounts receivable invoices have retained access to add or change customer records in the address book. The City understands and recognizes the risk associated with this particular duty.
- G. Staff shall have a preference for system controlled on-line transactional environments with appropriate security and audit trails.
- H. Staff shall have end to end responsibility for any series of financially related transactions to be distributed among two or more staff members or departments.
- I. Non-compliance with established procedures are reported directly to the City Manager and the Finance Committee.
- J. At a minimum, payroll shall be reviewed by the appropriate designee by: Scanning the names of those paid for people who have been terminated or not hired, scanning the amounts paid to people to make sure they look reasonable in amount, and to review hours worked to validate that they are reasonable hours for the person doing the job.
- K. No one individual is to handle a cash transaction from receipt to deposit. If a department is unable to separate the receipt of cash and deposit function due to staffing limitations, a responsible employee independent from these functions (normally a department head or administrative senior employee) must be designated to verify that the total amount received equals the total amount deposited. This should be done daily, but no less than once a week.
- L. All deposits should be made intact; department receipts should never be used to replenish petty cash or other funds.
- M. All security and bid deposits received in negotiable form and escrowed funds or other funds requiring specialized handling should be held in the main vault at City Hall.
- N. The general operating standard for deposit of negotiable funds, cash and checks, to the primary depository shall be within twenty-four hours of receipt of those funds. Departments should weigh reasonableness and practicality versus security in determining the timing for the deposit of smaller amounts. All deposits not made daily should be held in a secured location such as a safe or vault.
- O. Segregation of deposit duties: The Clerk/Treasurer and/or Deputy Treasurer shall have the responsibility for creating all deposits for the City. The actual delivery of the deposits (in a sealed envelope) shall be the responsibility of the Finance Director or their designee.

# Attachment 3

## **CITY FINANCIAL, MONETARY, AND BUDGETARY POLICIES**

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The budget for the City of Kingsburg is a comprehensive guide for the financial decision-making and operational management throughout the fiscal year. The budget is not only a financial plan but also a performance plan to assist in accomplishing the strategic goals set forth by the City Council. This section describes the policies and procedures that govern the preparation and implementation of the City's budget as well as managing the short and long-term finances and investments of the City.

### **2016-17 Approved Budget Guidelines**

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Each year, the respective subcommittees and City Council approve budget guidelines to provide guidance and assist in the development of the annual budget. The development of the 2016-17 budget will also incorporate the plans set forth in the City's strategic planning process, as well as a comprehensive employee survey. The proposed 2016-17 Budget guidelines are outlined below, and include:

#### **Financials:**

- Examine 5 year historical trending in all revenue and expenditure accounts.
- Analyze and update financial policies and procedures,
- Incorporate policies into 2016-17 budget. Identify non-dedicated fund balances, and define purpose or recommend usage alternatives.
- Fund long term future obligations and designated reserve accounts.
- Utilize one-time funds received to help pay down debt and purchase deferred capital equipment.
- Examine current and alternative revenue sources that promote long-term financial sustainability.
- Examine adequacy and equity of fees and revenues for services and programs.
- Examination of current street sweeping program to improve air quality and keep costs in line.

#### **Citizen Commitment:**

- Analyze performance measurement metrics to enhance service delivery efficiencies.
- Examine the most cost effective way of providing service and conducting business.
- Examine and where applicable reduce redundancies in service provisions.
- Enhance joint purchasing arrangements from a multi-community and City perspective.
- Maintain preventative infrastructure maintenance program and Capital Improvements funding.
- Examine additional energy efficiency initiatives to offset rising energy costs.

#### **Personnel:**

- Examine organizational structure and necessary staffing adjustments to meet growing organizational needs.
- Implement changes (if necessary) from collective bargaining agreements and employee handbook.

- Examine special fund contributions to the general fund to ensure allocations are appropriately structured to reimburse general fund (i.e. Water, Measure C, Local Transportation Funds, and Solid Waste).
- Transition to performance, metric based wage and evaluation compensation system.
- Examine and make recommendation on employee leave programs to proactively address GASB 45-Other Post Employment Benefit liabilities

### **Explanation of Budgetary Process**

Although the administration of the existing budget is a constant process, the preparation of the next year's budget begins during January with the establishment of the annual budget guidelines which serve as written goals and parameters for the development of the annual operating budgets. The City uses the following procedures when establishing budgetary data reflected in this document:

- A. During January-February, planning meetings are held whereby the City Council, its sub-committees, and Department Heads receive input and subsequently develop areas of emphasis and specific action items in order to provide a framework for the budget development.
- B. In April, a budget session with Department Heads is held at which time budget instructions for the ensuing year are given by the City Manager.
- C. In April, the department heads submit to the City Manager, proposed operating budgets for the fiscal year which commences the following July 1. The operating budget includes proposed expenditures and means of financing them.
- D. In May, the City Manager submits the Executive Budget to the City Council. Copies of the budget are made available for general public use at the City Clerk's Office and online via the City's website and other social media outlets.
- E. A budget public meeting/workshop is held by the City Council and City staff in early part of June. A public hearing is held the middle of June concerning the proposed budget.
- F. During the second Council meeting in June, the City Council approves by resolution the proposed budget.

### **Budget Overview**

Beginning with the 2015-2016 budget, the document was evaluated by the Government Finance Officers Association (GFOA), which offers critiques, praise, and other suggestions to help improve every aspect of the budget document. The City was honored to receive the GFOA Distinguished Budget Award for the first time. The award reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting.

The budget guidelines approved by the City Council were used as the foundation to create the 2016-17 financial blueprint for the City. The 2016-17 budget is designed to provide ease of use to the reader, while acting as a financial conduit for all City related expenses. We anticipate submitting the document for review to the GFOA for the second consecutive year. Overall, the budget is designed and graded based upon the following:

### **The Budget as a Policy Document**

As a policy document, the budget indicates what services the City will provide during the next fiscal year. Throughout the document the reader will have the opportunity to view both long and short-term goals, and how the financial policies will interact to meet the needs of City residents.

### **The Budget as an Operations Guide**

As an operations guide, the 2016-2017 budget provides detailed expenditures based upon departmental need. Each department is responsible for specific actions that feed into the overall organizational plan.

### **The Budget as a Financial Plan**

As a financial plan, the budget summarizes and details the cost to the citizens of Kingsburg for services received, as well as funding information. The document will outline major revenue sources, expenditures, and overall changes and challenges from previous years. The Budget in Brief provides a quick synopsis of expenditures and revenues.

### **The Budget as a Communications Device**

Perhaps the most important part of the budget document is to make sure it is a usable, readable document for citizens, elected officials, and staff alike. Staff has worked diligently to provide summary information available in text, charts, tables, and graphs.

The user will notice several departmental goals, as well as how they are incorporated into the overall budget and management methods.

## **GENERAL OPERATIONS POLICY**

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The establishment of general operations policy statements is an important component of the City's financial management policy and planning efforts.

### **A. Accounting**

- The City will establish and maintain the accounting systems according to GAAP.
- An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements. In addition, full disclosure will be provided in the financial statements and bond representations.
- Financial systems will be maintained to monitor expenditures and revenues on a monthly basis and all revenue collections will be consolidated under the Finance Director. A cash-flow analysis, including disbursements, collections, and investments, will be prepared on a regular basis indicating that sufficient cash is available for daily financial needs.
- Encumbrances represent commitments related to unperformed contracts for goods or services, and will be recorded when incurred. Encumbrances outstanding at year-end will be reported as reservations of fund balance.
- The City will establish and maintain a depreciation schedule based on the straight-line method. The useful life of capital assets will be based on internal information,

information on comparable assets from other governments, and general guidelines from professional or industry organizations.

#### **B. Revenue**

- Each year and whenever appropriate, existing revenues will be re-examined and possible new sources of revenues will be explored to ensure that we are maximizing our revenue potential.
- Legally restricted revenues will be avoided when they adversely affect the short or long-term financial health of our government. One-time revenues will be used for capital improvements or as legally restricted to a specific purpose.
- Each year and whenever appropriate, intergovernmental revenues will be reviewed to determine their short and long-term stability, to minimize the impact of any adverse changes. Intergovernmental revenues shall be used as legally prescribed or otherwise set forth by policy.
- Any amounts due to the City will be carefully and routinely monitored. An aggressive policy of collection will be followed for all receivables. In addition, proprietary funds will generate revenue sufficient to support the full direct and indirect costs of these funds.
- All potential grants and other aid shall be carefully examined for matching requirements and restrictive covenants, to ensure that our participation in such grants will be beneficial and cost-effective.

#### **C. Budget & Capital Improvements**

- The City will pay for all current operating expenses with current revenues and will avoid budgetary procedures that balance current costs at the expense of future years, such as postponing necessary expenses, accruing future revenues, or rolling over of short-term debt.
- The City will prepare and maintain a multi-year capital improvements plan and project its equipment replacement needs for at minimum the next five years. Estimated costs of each capital improvement projected for each year will be included in the annual budget, including the impact to annual operating expenditures.
- Intergovernmental funding sources for capital improvements from the federal, state, and private sector will be actively sought and used as available to assist in financing of capital improvements.

### **BUDGET AMENDMENT POLICY**

Following the adoption of the annual budget, budget transfers and supplemental appropriations are made based on the following:

#### **A. Items requiring City Council Action**

- Appropriation of fund balance reserves; transfers of appropriations between funds; appropriation of any non-departmental revenue; new interfund loans or advances; and creation of new capital projects or increases to existing capital projects.

## **B. Items delegated to the City Manager**

- Since the annual City budget is adopted at the functional level of expenditure (program categories, i.e., Public Works and Public Safety), the City Manager may authorize any intra-program line item change, i.e., utilities, local auto expense, supplies, etc. between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.

## **FINANCIAL PROCEDURES & INVESTMENT POLICY**

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The purpose of this policy is to establish investment objectives; to delegate authority for the execution and reporting of investments; to establish standards of prudence; to direct the development of internal control; to establish standards for Depositories, to set and establish collateral requirements; and to identify permitted investment.

This investment policy applies to all cash assets of the City, except:

- A. Funds which are held by an external trustee and are restricted in their investment by terms of a trust indenture; in which case the trust indenture shall regulate investment activities;
- B. Funds granted to or held in custody by the City, under terms which provide for or restrict their investment in a particular manner; in which case said provisions or restrictions shall regulate investment activities;
- C. Funds otherwise restricted by State or Federal laws or regulations; in which case said restrictions shall regulate investment activities.

The primary objectives of investment activities shall be the following in order of importance: safety, liquidity, and yield:

- A. **Safety:** Preservation and safety of principal are the foremost objective of the investment program. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In addition, all risks associated to City funds and investments will be disclosed on an annual basis or as requested.
  1. **Credit Risk** - The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:
    - Limiting investments to the types of securities listed in this Investment Policy.
    - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.
    - Diversifying the investment portfolio.
  2. **Interest Rate Risk** - The City will minimize rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
    - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
  - Utilizing securities with adjustable coupon rates to minimize price volatility.
- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- C. **Yield:** The investment portfolio shall be designed with the objective of attaining a rate of return/yield throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity unless as deemed appropriate by the City Manager, or for the following exceptions:
1. A security with declining credit may be sold early to minimize loss of principal.
  2. A security swap would improve the quality, yield, or target duration in the portfolio.
  3. Liquidity needs of the portfolio require that the security be sold.

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## STANDARDS OF CARE & REPORTING

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**A. Prudence:**

The City's investments shall be made with judgment and care, under prevailing circumstances, which a person of prudence, discretion, and intelligence would exercise in that management of the person's own affairs, not for speculation, but for investment, considering the safety of capital and the yield to be derived.

**B. Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or be perceived to conflict with proper execution of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

**C. Delegation of Authority:**

The City Council (the "Council") is ultimately responsible for the investment of City funds. The responsibility for conducting investment transactions is delegated to the Finance

Committee (the "Committee") which shall conduct its day- to-day activities through the office of the Finance Director. The Finance Director may, with Committee and Council approval, receive assistance from one or more investment advisors. The Finance Director will provide investment data, statistics and recommendations to the Committee to aid in investment decisions.

**D. Reporting Requirements:**

The Finance Director shall report investment portfolio performance to the Committee at least annually or when a specific request is made. The report will summarize the investment strategies employed, describe the portfolio in terms of investment securities, maturities, risk characteristics and other factors. The report will indicate any areas of policy concern and suggested or planned revision of investment strategies. The Committee shall report investment portfolio performance to the Council annually and shall ask the Council to review its investment strategies at least annually.

**E. Internal Controls:**

The Finance Director shall establish a system of internal controls, which shall be approved by the Committee. The internal controls shall be reviewed by an independent certified public accountant in conjunction with the annual examination of the financial statements of the City. The controls shall be designed to forecast cash flows, maximize the investment of available balances, fully report results of investment activities and prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the City.

All purchases and sales of investment securities must be authorized by the City Manager and Clerk/Treasurer, or in one's absence, the Deputy Treasurer. All bank accounts shall be reconciled on a monthly basis and shall be completed in a reasonable time after the receipt of the monthly bank statement.

**AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS**

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**A. Depositing of Funds:**

All currency, checks, drafts or other funds in any form payable to the bearer, or endorsed for payment, shall be promptly deposited in an approved Depository, so designated by the Council.

Designation by the Council shall be given only when the financial institution meets all Public Depository requirements provided for by applicable State and Federal laws and regulations, and the following additional criteria:

**1. Deposit Insurance:**

The financial institution is a member of the Federal Deposit Insurance Corporation (FDIC) and deposits made with the financial institution are insured to the maximum permitted by the FDIC.

**2. Depository Agreement:**

Any financial institutions acting as a depository for the City must enter into a "depository agreement" requiring the depository to:

- a. Pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the City (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.
- b. Require the custodian to send statements of pledged collateral to the City Finance Director on a monthly basis.
- c. Annually, provide the City its audited financial statements.
- d. Provide the City normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale investment securities and safekeeping services. Fees, if any, shall be mutually agreed to by an authorized representative of the depository bank and the City Clerk/Treasurer.

**B. Preferences for Local Financial Institutions:**

All else being equal comparing financial institutions meeting the criteria set forth, the City Council will give preference in selection to those financial institutions who maintain offices in the immediate area.

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**COLLATERALIZATION**

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**A. Collateral Required:**

All City funds held in City Depositories which are not held in investment securities registered in the name of the City shall to the extent they exceed federal deposit insurance and state public deposit security fund coverage limits, be collateralized as provided in this Section. The City will minimize the amount of time that cash and investments are held at any given bank exceeding \$500,000, understanding that certain times during the year, it may be temporarily unavoidable to not exceed these dollar amounts due to fluctuating cash flows, and depository requirements.

**B. Form of Collateral:**

Except as provided in Subparagraph a. of Subsection C.1. of this Section, collateral shall be pledged in the name of the City and must be one of the following:

1. Securities of the U.S. Treasury or U.S. Governmental Agency as defined by the Federal Reserve. If held herein, the collateral may consist of any reserves deemed acceptable by the Federal Reserve Bank to meet other reserve requirements of the Depository provided it is held in a sub-account which names the City as beneficiary.
2. U.S. government guaranteed securities such as those issued through the Small Business Administration, provided they are fully guaranteed.
3. General obligations of states or municipalities provided they are rated in the highest or second highest rating categories by Moody Investors Service, Inc., Standard and Poor's Corporation or Fitch Investors Service, L.P.

**C. Valuation of Collateral:**

1. Valuation: Collateral must be marked to market not less frequently than monthly and its value reported on the monthly statement.
2. Sufficiency: The value of the collateral must equal 105% of the amount requiring collateralization. Additional collateral is to be requested when the monthly statement indicates a deficiency.

**D. Substitution of Collateral:**

Collateral agreements are to prohibit the release of pledged assets without the authorization of the Finance Director, however, exchanges of collateral of like value are to be permitted.

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**AUTHORIZED INVESTMENTS**

Funds of the City which are not immediately needed for payment of obligations shall be invested to the greatest extent practical, in accordance with applicable Statutes, if the funds have been appropriated for the payment of debt service, and California Statutes, if the funds are to be used for any other purpose. The following investment securities are permitted to be used:

1. U.S. Treasury Obligations and Government Agency Securities.
2. Certificates of Deposit.
3. Municipal General Obligations.
4. LAIF.
5. Repurchase Agreements.
6. Operating Bank Account.
7. Money Market Funds.
8. Commercial Paper.
9. Bonds rated in the highest or second highest rating category.

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**INVESTMENT TRANSACTIONS & PARAMETERS**

**A. Co-mingling of Funds:**

The Finance Director may pool cash from several different funds for investment purposes, provided such co-mingling is permitted by law, and records are maintained which show that interest earned on such investments has been fairly allocated to each originating fund.

**B. Securities Firms:**

The Finance Director is authorized to execute purchases and sales of Permitted Securities with City Depositories or with securities firms previously approved by the Committee, (the "Approved List"). Such firms must be licensed to conduct business in California, shall be a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation.

**C. Diversification:**

The investment policy incorporates the investment strategy and as such, will allow for diversification of investments to the extent practicable considering yield, collateralization, investment costs, and available bidders. Diversification by investment institutions shall be determined by an analysis of yield, collateral, investment costs, and available bidders. Diversification by types of securities and maturities may be as allowed by this policy and California State Statutes.

**D. Maximum Maturities:**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. However, the maximum maturities for any single investment shall not exceed five (5) years, except for reserve funds. The maximum dollar-weighted average maturity for pooled investments will not exceed three (3) years. Reserve funds may be invested in securities not to exceed ten (10) years if the maturity of such investments is made to coincide as nearly as practicable with the expected call date or final payment date, whichever is shorter. For securities with adjustable rate coupons, the average time to coupon reset will be used as a measure of average maturity.

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**APPROVAL OF INVESTMENT POLICY AND AMENDMENT**

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This investment policy is intended to clarify, amend, and supersede existing investment policies. The Committee is delegated the authority to amend this Investment Policy from time to time as it deems such action to be in the best interest of the City. Any such amendment shall be promptly recommended to the City Council for consideration. When amendment occurs, any investment currently held that does not meet the guidelines of the amended policy, shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the amended policy within six (6) months of the policy's adoption or the Committee must be presented with a plan through which investments will come into conformance.

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**FUND BALANCE POLICY**

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The establishment of a formal fund balance policy is an important component of the City's financial management policy. Maintaining appropriate levels of fund balance is a key element of the City's overall financial health. This policy is intended to set targets for the desired level of fund balances, identify the approach to maintain these levels, and to provide guidelines for the use of fund balance.

- A. To insulate the City from large, unanticipated one-time expenditures or revenue reductions resulting from external changes.
- B. To provide funds to allow the City to respond to unforeseen emergencies.
- C. To provide sufficient working capital to eliminate the need for short-term borrowing due to the timing of the receipt of short-term receivables and the remittance of short-term payables.
- D. To strive to maintain a general fund balance equal to or above 20% of budgeted general fund appropriations. In determining the acceptable range of general fund balance, the City considers the following factors:
  - 1. Historical stability of the City's revenues and expenditures.
  - 2. Timing of revenue collections in relation to payments made for operational expenditures.
  - 3. Anticipated growth in the services to be provided City residents.
- E. Apply any operational surplus at the end of any fiscal year to the reserve for working capital if necessary to meet policy minimums.
- F. Eliminate the budgeted use of fund balance if its use would reduce the available balance below policy minimums.

## **FUND BALANCE AND RESERVE FUND REQUIREMENTS**

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The City recognizes that fund balances are targeted objectives to ensure the long-term stability of the City's finances. From time to time, upon City Council authorization, the funds may not contain the stated goal. This is done with the understanding that it is in the best interests of the taxpayers and most cost effective manner to utilize the reserve funds.

The City also recognizes that in some instances, it will take time to build the fund balances to the desired level. The timeframe for achieving the desired level is balanced with the short and long term financial considerations of the City.

- A. General Fund - The fund balance shall not be less than 20% of the budgeted general fund appropriations as approved by the City Council as of July 1 of each year. Any excess shall be allocated and approved by the City Council upon completion of the annual audit of City financials. Amounts over the 20% will be allocated as deemed necessary into designated reserve accounts by the City Council.

## **DEBT MANAGEMENT POLICY**

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Debt can be an effective way to finance capital improvements. State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation. Properly managed debt preserves credit ratings, provides flexibility in current and future operating budgets, and provides long-term assets that maintain or improve our quality of life. To provide for the appropriate issuance and responsible use of debt, the City has adopted the following (below) debt management policy objectives.

- A. Long-term debt will be issued only for objects or purposes having a period of probable usefulness of at least five years.
- B. Short-term debt should be limited, but may be issued whenever appropriate for objects or purposes having a period of probable usefulness of at least five years, when deemed financially prudent.
- C. Debt maturity will not exceed the lesser of: the useful life, or the period of probable usefulness of the object or purpose so financed.
- D. The annual operating budgets of all funds will be maintained so as to ensure the full and timely repayment of debt principal and interest due that year.
- E. The total amount of outstanding debt will comply with State Statutes.
- F. Good communications will be maintained with bond rating agencies, bond counsel, banks, financial advisors, and other involved in debt issuance and management.
- G. Comprehensive annual financial reports and official statements will reflect the City's commitment to full and open disclosure concerning debt.

## **CAPITALIZED FIXED ASSETS POLICY**

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The purpose of this policy is to establish a general policy for Capitalized Fixed Assets including standards for valuation of assets with a useful life greater than one-year. This policy applies to the purchases of all departments and divisions of the City of Kingsburg. The provisions of California Statute take precedence over any portion of this policy that may be in conflict. More

restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence.

- A. The Fixed Assets Account Group shall include general fixed assets, i.e., non-infrastructure assets. Infrastructure assets are assets that are immovable and of value only to the City government, e.g., buildings, sewers, and streets. As a general rule, "capitalized" items maintained within the Fixed Assets Account Group shall have an expected useful life greater than one year and a purchase, donated or assessed value equal to or greater than \$5,000. For computer equipment, initial operating software shall be included but subsequent operating software and application software shall be excluded.
- B. Generally repairs will not qualify for changing the initial capitalized value. Only major replacements of components and/or additions which significantly change the initial capitalized value or significantly extend the expected useful life of any capitalized item shall be considered in order to substantiate any subsequent year value change of an asset maintained within the Fixed Assets Account Group.
- C. Encumbrances are commitments related to requisitions or contracts that have been issued, but for which no goods or services have yet been received. Encumbrances are recorded as they occur for budgetary control purposes.

The issuance of a purchase order requisition or the signing of a contract creates an encumbrance of the amount required to be paid during the current year. This amount is no longer available for obligation or expenditure, unless the purchase order requisition or contract is canceled. Encumbrance records shall be maintained by the City Finance Director.

#### **ASSET VALUATION**

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Departments shall record long-term assets at historic cost or, if the cost is not readily determined, at estimated historic cost. Cost shall include applicable ancillary costs. All costs shall be documented, including methods and sources used to establish any estimated costs.

- A. Purchased Assets - the recording of purchased assets shall be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.
- B. Salvage Value – the recording of purchased assets that are expected to be sold at retirement should be recorded with the historical estimated sale value if in excess of \$5,000. If sale value is less than \$5,000, normal depreciation for the useful life will be used.
- C. Self-Constructed Assets – All direct costs (including labor) associated with the construction project shall be included in establishing a self-constructed asset valuation. If a department is unable to specifically identify all direct costs an estimate of the direct cost is acceptable, but must be supported by a reasonable methodology.

- D. Donated Assets –Fixed assets acquired by gift, donation or payment of a nominal sum not reflective of the asset’s market value shall be assigned cost equal to the fair market value at the time of acquisition.
- E. Leased Property - Capital lease property should be recorded as an asset and depreciated as though it had been purchased.
- F. Dedicated Assets –Required installation by Developer of public improvements, including but not limited to sanitary service mains, manholes, laterals and all appurtenances, water mains, laterals, hydrants, valves and all appurtenances, storm sewers, storm water management measures, streets, curb and gutter, street lights, street signs, sidewalks will be dedicated to the City upon completion. Recording of infrastructure assets will be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation provided by the Developer.

## **PURCHASING & EXPENDITURE/EXPENSE POLICY**

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### Goal

Expenditure/expenses are a rough measure of a local government’s service output. While many expenditures/expenses can be easily controlled, emergencies, unfunded mandates, and unanticipated service demands may strain our ability to maintain a balanced budget. To ensure the proper control of expenditures/expenses and provide for a quick and effective response to adverse financial situations, the City of Kingsburg has adopted the expenditure/expense policy. The controls and procedures set forth are intended to provide reasonable assurance that the lowest cost, highest quality good or service is obtained, while balancing the need for flexibility and efficiency in departmental and City operations.

### Coverage

This policy applies to the purchases of all departments and divisions of the City of Kingsburg. The provisions of California Statute take precedence over any portion of this policy that may be in conflict. More restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence.

### Ethical Standards

1. All procurement shall comply with applicable federal, state and local laws, regulations, policies and procedures.
2. Employees are not to engage in any procurement related activities that would actually or potentially create a conflict of interest, or which might reasonably be expected to contribute to the appearance of such conflict.
3. No employee shall participate in the selection, award or administration of a contract if a conflict of interest would be involved. Such a conflict would arise when the employee, any member of his immediate family, business partner or any organization that employs, or is about to employ, any of the above, has a financial interest or other interest in the firm selected for award.

4. To promote free and open competition, technical specifications shall be prepared to meet the minimum legitimate need of the City and to the extent possible, will not exclude or discriminate against any qualified contractors.
5. No employee shall solicit or accept favors, gratuities, or gifts of monetary value from actual or potential contractors or subcontractors.
6. Employees must maintain strict confidentiality in the procurement process and shall not impart privileged information to any contractors that would give them advantage over other potential contractors.
7. Personal purchases for employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchase.

#### General Guidelines

1. Purchases are classified into the following major categories:
  - a. Goods (tangible items): e.g. equipment, supplies, vehicles
  - b. Services: items requiring outside labor, maintenance agreements, etc.
  - c. Construction of public buildings and improvement
2. Purchasing Oversight
  - o Department heads are responsible for procurement issues in their individual departments. Departments are to insure that the purchase order requisitions are entered prior to purchases, receipts are collected and recorded, and the requisition is put through for payment and will be responsible to respond to questions on the payment or non-payment of the item.
3. Expenditures/expenses and purchase commitments will be made in a form and process that is legal, appropriate, funded, authorized and sufficiently documented.
4. Expenditures/expenses and purchase commitments will be recorded in an accurate and timely fashion.
5. For items that are purchased regularly or by multiple departments, departments are encouraged to use cooperative purchasing or purchasing in bulk in order to reduce City costs.
6. The Finance Director shall review each request to determine compliance with the City's budget and purchasing policy.
7. This purchase order requisition must include the invoice must and forwarded to the Finance Director for processing the payment.

#### **1. Purchases under \$1,000**

Purchases under \$1,000 shall be made as follows:

##### Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment in an amount up to one-thousand dollars (\$1,000.00) shall be made only by purchase order approved by the City Department Head.

Unbudgeted Supplies, Services and Equipment

Purchase of supplies, services and equipment not contained in the annual budget in an amount up to one thousand dollars (\$1,000.00) shall be made only by purchase order approved and signed by the Department Head and the City Manager or Finance Director.

Department heads are responsible for monitoring all purchases made using this procedure to ensure that the City is receiving a high value for its expenditures.

**2. Purchases of at least \$1,000 and under \$25,000**

Purchases of at least \$1,000 and under \$25,000 shall be made as follows:

Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment between one thousand dollars (\$1,000.00) and twenty-five thousand dollars (\$25,000.00) shall be preceded by obtaining no less than two (2) quotations received in writing from separate vendors for compatible items. Such purchases shall be made by purchase order with the approval of the Department Head and City Manager or Finance Director.

Unbudgeted Supplies, Services and Equipment

Purchases of supplies, services and equipment not contained in the annual budget between one thousand dollars (\$1,000.00) and twenty-five thousand dollars (\$25,000.00) shall be with the approval of the City Council after presenting no less than two (2) quotations received in writing from separate vendors for compatible items. Such purchases shall be made by purchase order with the approval of the Department Head and City Manager or Finance Director.

The purchase order for the item must be provided to the City's Finance Director within 4 days after approval of the purchase. If the selected vendor did not offer the lowest price, the purchase order must include an explanation of why the vendor offering the lowest price was not chosen.

**3. Purchases of a least \$25,000 and under \$100,000**

Purchases of at least \$25,000 and under \$100,000 shall be made as follows:

Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment between twenty-five thousand dollars (\$25,000.00) and one -hundred thousand dollars (\$100,000.00) shall be preceded by two (2) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed, such purchases shall be made by purchase order with the approval of the Department Head and the City Manager.

Unbudgeted Supplies, Services and Equipment

Purchases of supplies, services and equipment not contained in the annual budget between twenty-five thousand dollars (\$25,000.00) and one one-hundred thousand (\$100,000.00) shall be preceded by two (2) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the Department Head and the City Manager. In either case, formal bids or not, unbudgeted purchases shall be made only with the approval of the City Council. If the selected vendor does not offer the lowest price, the City Council will be provided with an explanation of why the vendor offering the lowest price was not chosen.

**4. Purchases greater than \$100,000**

Purchases greater than \$100,000 shall be made as follows:

Budgeted Supplies, Services and Equipment

Purchases of budgeted supplies, services and equipment greater than one one-hundred thousand dollars (\$100,000.00) shall be preceded by three (3) written quotations from vendors. On a case by case basis the City Manager shall direct whether or not the formal bid process shall be used. If no formal bid process is directed such purchases shall be made by purchase order with the approval of the Department Head and the City Manager. If the selected vendor does not offer the lowest price, the purchase order must include an explanation of why the vendor offering the lowest price was not chosen.

Unbudgeted Supplies, Services and Equipment:

Purchases of supplies, services and equipment not contained in the annual budget greater than one one-hundred thousand (\$100,000.00) shall be selected through a formal bidding process. These purchases shall be made only with the approval of the City Council. If the selected vendor does not offer the lowest price, the City Council will be provided with an explanation of why the vendor offering the lowest price was not chosen. .

Emergency Purchases Policy

When an emergency situation does not permit the use of the purchasing procedures identified above, , the City Manager may determine the most appropriate method to make the procurement of one hundred thousand dollars (\$100,000.00) or less.to the . Appropriate documentation identifying the basis for the emergency and the method of procurement will be submitted to the Finance Director within five (5) working days after making the purchase.

The City Mayor with the concurrence of one other council member may authorize the City Manager in writing to incur expenditures of more than one hundred thousand dollars (\$100,000.00) but not more than two hundred fifty thousand dollars (\$250,000.00) under

emergency situations when the health, safety and welfare of the employees or residents of the City or their property are threatened and time constraints do not permit normal City Council expenditure approval. If the City Mayor is not available the Mayor Pro-tem of the City Council with the concurrence of one other council member may act in the City Mayor's absence to authorize the emergency expenditure. If neither the Mayor nor the Mayor Pro-tem of the City Council are available, any two council members shall have the authority to authorize any such emergency expenditure. . The City Council shall be notified of the emergency expenditure within 48 hours after the decision to make the expenditure. At the next regularly scheduled City Council meeting the City Council shall be provided with all the information and documentation regarding with expenditure including a copy of the written authorization required for the expenditure.

### Purchases of Services

Whenever practical, the purchase of services should be conducted based upon a competitive process:

- Contractor services is defined as the furnishing of labor, time or effort by a contractor, usually not involving the delivery of specific goods or products other than those that are the end result of and incidental to the required performance. Examples of contractor service include: refuse and recycling collection, maintenance, mailing, or delivery services. Contractor services shall follow the competitive procurement policy for the purchase of goods subject to the same spending guidelines. The cost shall be determined by considering the maximum total expenditure over the term of the contract.
  - Construction services is defined as substantial repair, remodeling, enhancement construction or other changes to any City owned land, building or infrastructure. Procedures found with in State of California Statute shall take precedence. In absence of guidance in these areas, construction services shall follow the competitive procurement policy for the purchase of goods subject to the same spending guidelines.
  - Combined Goods and Services in situations where the purchase combines goods and services (exclusive of construction and contractor services), such as many technology projects, the purchase shall be treated as a purchase of professional services.
  - Professional services is defined as consulting and expert services provided by a company, organization or individual. Examples of professional services include: attorneys, certified public accountants, appraiser, financial and economic advisors, engineers, architect, planning and design. Professional services are generally measured by the professional competence and expertise of the provider rather than cost alone.
1. If it is estimated that the service being solicited has a total cost of over \$25,000 a formal Request for Proposal may be used to solicit vendor responses. The department head shall be responsible for the preparation of all Requests for Proposal specifications, notices and advertising. Prequalification of proposers may be done at the discretion of the department head.

- The Purpose of an RFP is to solicit proposals with specific information on the proposer and the service offered which will allow the City to select the best proposal. The best proposal is not necessarily the proposal with the lowest cost.
- Based upon the services or project and the magnitude of the outcome a selection committee may be advisable.
- Requests for proposals shall be formally noticed. All notices and solicitations of proposals shall state the time and place of the proposal opening.
- Information to be requested of the proposer should include : Number of years the proposing company has been in business, company's experience in the area of desired services, financial strength of the company, examples of similar services/projects completed, resumes of staff that will be associated with the project/service, list of references, insurance information. In addition the proposal should provide information about the City, scope of services requested and any outcomes. The proposal should also identify evaluation factors and relative importance.
- Establish selection criteria and include this information with the RFP. It is generally advisable to establish a numeric ranking matrix. This reduces the subjective nature of the rating process.
- Proposals should be solicited from an adequate number of qualified sources. Requests for proposal should be formally noticed. All notices and solicitations should provide the issue date, response due date, date and time of opening responses and a contact person.
- Proposals shall be opened and recorded with a tabulation of proposals received shall be available for public inspection. All proposal documentation shall be placed on file with the City Clerk. The Department Head and selection committee (if applicable) will then review the proposals and make a recommendation to the City Council.
  - Service contracts or agreements should be reviewed by the City Insurance Company and the City Attorney and placed on file with the City Clerk.

#### Sole Source Purchasing Policy

Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand the scrutiny of the City Council and the public. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available.

Sole source purchasing criteria include:

1. Urgency due to public safety, serious injury, financial or other unusual and compelling reasons.
2. Goods or service is available from only one source and no other good or service will satisfy the City's requirements
3. Legal services provided by an attorney
4. Lack of acceptable bids or quotes
5. An alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs

6. Standardization of a specific product or manufacturer will result in a more efficient or economical operation
7. Aesthetic purposes or compatibility is an overriding consideration
8. Purchase is from another governmental body
9. Continuity achieved in a phased project
10. Supplier or service demonstrates a unique compatibility not found elsewhere Sole source purchases follow the same necessary approval process as described above under the purchasing of goods.

#### Petty Cash Policy

The City maintains a petty cash account to expedite the miscellaneous purchases and payment of small bills. Petty cash funds are available at City Hall.

To be eligible to use the petty cash fund, the following requirements must be met:

1. The item to be purchased must not be regularly stocked
2. The employee must have a petty cash slip completed which includes the item(s) to be purchased, the amount of petty cash needed and the account number the purchase is budgeted to.

Upon completion of the purchase, the employee must return the receipt and any change to the Finance Director/Designee. The designee in charge of the petty cash funds is responsible to enter in all the petty cash expenditures using a purchase order requisition in order to receive a replenishment of petty cash funds.

#### Employee Reimbursement Policy

If the need arises to purchase an item for the City with personal funds, the employee must submit the receipt and an Expense Reimbursement Form to the Finance Director. This form should include a detailed listing of the items purchased and must be signed by the employee to be reimbursed, his or her Department Head and the Finance Director. It is the responsibility of the employee making the purchase to ensure that any available discounts are applied and that sales tax is not included, when applicable.

#### Credit Card Policy

The City maintains a credit card account that may be used when it is impractical or inefficient to follow the normal payment process. The Finance Director shall administer the use of the City credit card. To use the City credit card, the employee must have a purchase order requisition form completed and signed by the Department Head. The requisition will include the item(s) to be purchased, the limit of funds to be spent and the account number the purchase is budgeted to. Upon completion of its use, the credit card shall immediately be returned to the Finance Director along with the receipt and the purchase order requisition.

The use of these cards shall be strictly for the purchase of approved goods. Employees using the credit cards are responsible for any credit, returns or disputes regarding purchases made by the employee. If a return or credit is made, you must notify the Finance Director.

At no time is the credit card user permitted to use the City credit card for any purchases not on an approved purchase order requisition, without permission or for a transaction that is personal in nature. Misuse of the credit card will result in revocation of privileges of the credit card for future purchasing and, if necessary, appropriate disciplinary action will be taken. Liability for misuse of these cards shall accrue directly to the credit card user, and not the City.

Employees authorized to use a City credit card are responsible for lost or stolen cards. If a card is lost or stolen, immediately report the incident to the Finance Director and they will contact the credit card company.

#### Receiving and Inspection Policy

Department Heads, or their designees, are responsible for receiving to their departments to ensure that items received conform to the specifications and quantities set forth in the purchase order requisition. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition. If there are any discrepancies, the Department Head or designee should contact the vendor and resolve the issue before submitting the invoice for payment. When items are sent in multiple shipments, the department should clearly indicate which items have been received and accepted when approving the invoice for payment.

#### Billings

All billings are to be handled through the Finance Director. It is the responsibility of each department to notify the Finance Director of all billings that need to occur.

#### Purchasing Authority

- The City Manager may approve purchases for the amounts outlined in the policy above.
- The City Manager has the authority with the advice and consent of the City attorney to settle property damage claims against the City which are less than \$5,000 and for which the City would appear in the opinion of the City attorney to have partial or total liability providing the claimant signs a release of liability in form approved by the City attorney. Any such claims under \$5,000 which are settled by the City Manager shall be routinely reported to the City Council for informational purposes.
- Purchase equipment, replacement and capital items up to the amount approved by the City Council and reflected in budget supplementary information.
- The City Manager has the authority to make payment of accounting and auditor fees not to exceed the amount provided in the budget supplementary information.

#### **BILLING/ACCOUNTS RECEIVABLE COLLECTION POLICY**

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The establishment of a formal Billing/Accounts Receivable Collection policy is an important component of the City's financial policy and management efforts.

- A. The City shall not sell municipal materials (goods or supplies) to third parties unless authorized by the City Manager.

- B. The City reserves the right to require cash payment prior to the sale of any goods or services.
- C. Due diligence will be conducted by City staff for the collection of receivables. Accounts will be considered delinquent upon reaching 30 days beyond the date of the invoice or upon the first day after the due date as per the invoice. Invoices overdue will accrue appropriate penalties as defined by the Clerk/Treasurer and/or the Finance Committee.
- D. Accounts considered for writing-off are those that cannot be collected because of the inability to locate the party owing the City money, the party has filed for bankruptcy, or the expense of collected the delinquent funds owed to the City exceed the amount of the delinquency.
- E. Delinquent personal property tax bills that become a year overdue and are determined to be uncollectible by the Clerk/Treasurer will be presented to the Finance Committee and authorization to write-off will be required for any amounts over \$1,000. Delinquent personal property is exempt from any administrative fees or interest charges, as the interest and penalties associated with delinquent personal property taxes are set forth in state statutes.

#### **SEGREGATION OF DUTIES & FINANCIAL CONTROLS POLICY**

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The City has established a system of internal financial controls to carry out its operations in an economical, efficient, effective and orderly manner. The primary objective of the internal control system is appropriate segregation of duties.

- A. Staff who create purchase orders shall not approve those purchase orders. That is, a person independent of the purchase order creation, must approve the purchase order.
- B. Staff who create purchase orders may approve receipt of goods for those purchase orders. However, where a variation to the original purchase order occurs, it must be approved by a person independent of the variation to the order.
- C. Staff who enter accounts payable invoices shall not approve payment of those invoices. A person independent of the invoice entry process must approve invoice payments. Payable checks shall be mailed by a person other than the person who created the checks.
- D. Staff who create accounts receivable invoices may also process credit notes and debt write-offs. However, these transactions are supported by documentation with sign-off authorized delegates, who do not have access to create account receivable invoices.
- E. Staff who create general journals and other system journals shall not approve those journals for posting to the general ledger. The City Manager, who is independent of the journal creation process, shall approve the posting of journals.
- F. Users with access to create accounts receivable invoices have retained access to add or change customer records in the address book. The City understands and recognizes the risk associated with this particular duty.
- G. Staff shall have a preference for system controlled on-line transactional environments with appropriate security and audit trails.

- H. Staff shall have end to end responsibility for any series of financially related transactions to be distributed among two or more staff members or departments.
- I. Non-compliance with established procedures are reported directly to the City Manager and the Finance Committee.
- J. At a minimum, payroll shall be reviewed by the appropriate designee by: Scanning the names of those paid for people who have been terminated or not hired, scanning the amounts paid to people to make sure they look reasonable in amount, and to review hours worked to validate that they are reasonable hours for the person doing the job.
- K. No one individual is to handle a cash transaction from receipt to deposit. If a department is unable to separate the receipt of cash and deposit function due to staffing limitations, a responsible employee independent from these functions (normally a department head or administrative senior employee) must be designated to verify that the total amount received equals the total amount deposited. This should be done daily, but no less than once a week.
- L. All deposits should be made intact; department receipts should never be used to replenish petty cash or other funds.
- M. All security and bid deposits received in negotiable form and escrowed funds or other funds requiring specialized handling should be held in the main vault at City Hall.
- N. The general operating standard for deposit of negotiable funds, cash and checks, to the primary depository shall be within twenty-four hours of receipt of those funds. Departments should weigh reasonableness and practicality versus security in determining the timing for the deposit of smaller amounts. All deposits not made daily should be held in a secured location such as a safe or vault.
- O. Segregation of deposit duties: The Clerk/Treasurer and/or Deputy Treasurer shall have the responsibility for creating all deposits for the City. The actual delivery of the deposits (in a sealed envelope) shall be the responsibility of the Finance Director or their designee.



Meeting Date: 04/20/2016  
Agenda Item: V 5

## CITY COUNCIL MEETING STAFF REPORT

REPORT TO: Finance Committee & City Council  
REPORT FROM: Alex Henderson, City Manager  
AGENDA ITEM: Capital Improvement Project Discussion

REVIEWED BY:

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☐ Motion ☒ Receive/File

### EXECUTIVE SUMMARY

As part of our 2016-2017 annual budget preparation, the Finance Committee and City Council will have the opportunity to view the capital improvement project (CIP) requests from each of the respective departments. Included in your packet is a breakdown of 2016-2017 requests in summary format. The 2016-2017 requests are listed based upon the priority ranking (and funding available) submitted by each of the Department Heads. In addition, there is a 'future years' layout that provides some planning for items that have also been identified.

Items can be adjusted based upon discussion and preferences of either Council or Department Head priority. Each of the costs associated were submitted by the Department Head, based upon quotes received.

Some items to note:

1. There are currently thirty-two (32) capital improvement projects proposed for 2016-2017. These projects are funded out of five different sources (GF, Water, Ambulance, Local Transportation, and Measure C).
2. In 2015-2016, we projected to spend nearly \$530,000 in general fund reserves (fund balance) on several projects (proceeds from the Tulare Co. land sale). Due to increased projected revenues and expenditure restraint this year, we're expecting to utilize about \$140,000 in reserves.
3. A breakdown of proposed funding sources is provided in the summary. The majority of proposed funding is for infrastructure projects and will be paid out through local transportation funds and Measure C (non-general fund).
4. There is significant emphasis placed upon improving our infrastructure, including
  - Thirty-six (36) street sections receiving reconstruction, slurry seal or reclamite treatment
  - California St. Reconstruct include aesthetic improvements to Draper and Train Depot area for Economic Development enhancement
  - Draper Street Sidewalk Repair (removal of loose brick and hazard slabs, replacement with stamped concrete)
  - Water System Improvements
  - Phased sand filter replacement at Crandell Swim Complex
5. Economic Development and Quality of Life Improvements
  - Year 2 of Façade/Alley Grant Program
  - Madsen Ave. Pedestrian Path Extension
  - Sierra St. Traffic Synchronization and audible pedestrian crosswalks
  - Downtown Flag replacement purchases

In addition, we've included a 2015-2016 CIP status update to provide information related to the projects that were

identified in the previous year.

**RECOMMENDED ACTION BY CITY COUNCIL**

1. *Provide input and direction on proposed capital investments for 2016-2017.*

**POLICY ALTERNATIVE(S)**

1. NA

**REASON FOR RECOMMENDATION/KEY METRIC**

1. The allocation of one-time funds and discussion is in line with our fiscal stability initiative.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- |                              |            |
|------------------------------|------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u> |
| 2. Is it Currently Budgeted? | <u>NA</u>  |
| 3. If Budgeted, Which Line?  | <u>NA</u>  |

**PRIOR ACTION/REVIEW**

Each year, the City Council adopts capital purchases as part of the annual budget. For 2016-17, the Finance Committee and Council are having a joined discussion to examine these potential projects and how they relate to the overall budget picture.

The attached summary sheet captures each of the requests made by Department Heads, and categorizes them based upon priority. Our goal is to create a 5-10 year CIP plan that can be adjusted easily each year to modify, replace or continue with purchases during the annual budget process.

**BACKGROUND INFORMATION**

See Executive Summary.

**ATTACHED INFORMATION**

1. 2016-2017 Capital Improvement Request Summary
2. 2015-2016 Capital Improvement Project Status Update

Capital Improvement Fund 2016-2017						
Department	Type of Request	Item Description	Purpose	Age of Item(Year)	Cost	Funding Source
Building Department/Planning	Software	Code Enforcement/Planning Task Software	Software purchase to track code enforcement and planning project. Integrates into existing permitting software.	NA	\$10,000	General Fund
City Hall	Programs	Public Safety Committee Funds	Program funding for Public Safety events	NA	\$10,000	General Fund
City Hall	Management	Update Personnel Manual	Fee for consultant to assist with City-wide personnel manual update to ensure legal compliance	7	\$10,000	General Fund
Economic Development	Capital	Facade/Alley Program	Grant Program for Facade/Alley -year II	NA	\$30,000	General Fund
Engineering/Planning	Management	NKSP Plan Area Plan lines	Prepare NKSP for future development (road buildouts, storm drainage basins and park locations)	NA	\$40,000	General Fund/Measure C
Engineering/PW	Engineering	Bethel Ave. Improvements	Preliminary Engineering of Bethel Ave. Improvements	NA	\$6,075	Federal Grant/LTF 8
Engineering/PW	Infrastructure	Sierra St. Transit Stop (in front of KMARKT)	Partnership with FCKRTA to add additional stop	NA	\$1,400	Measure C
Engineering/PW	Infrastructure	Madsen Ave. Bike Path Extension	Preliminary Engineering; Extension of pedestrian path - Stroud Ave to Klepper	NA	\$3,541	Federal Grant/LTF 8
Engineering/PW	Infrastructure	Sierra St. Reconstruction; Rafer Johnson Drive to HWY 99	Roadway reconstruct	15	\$7,490	Federal Grant/LTF 8
Engineering/PW	Infrastructure	Sierra St. Traffic Signal Synchronization	Synchronization of all traffic lights on Sierra; additional of audible walking signals	NA	\$9,000	Federal Grant/LTF 8
Engineering/PW	Infrastructure	Curb Ramp Installation	Installation of ADA curb ramps in neighborhoods not currently in compliance	NA	\$20,000	LTF 8
Engineering/PW	Infrastructure	Madsen Ave. Reconstruction	Roadway reconstruct; Sierra St. to Stroud Ave.	15	\$27,694	LTF 8
Engineering/PW	Infrastructure	Road Reclamite Project	Reclamite of 8 streets to prolong life	5	\$40,000	LTF 8
Engineering/PW	Infrastructure	Sunset St. Reconstruction	Reconstruction of Sunset St.	20	\$128,000	LTF 8
Engineering/PW	Infrastructure	Meadow Ln. Reconstruction	Reconstruction of Meadow Lane	20	\$140,500	LTF 8
Engineering/PW	Infrastructure	Laurel Ln. Reconstruction	Reconstruction of Laurel Lane (reimbursement project)	NA	\$140,000	Vet Reimbursement/LTF 8
Engineering/PW	Infrastructure	Smith St. Reconstruction	Reconstruction of Smith Street from Draper to 18th Ave.	10	\$196,000	CDBG/LTF 8
Engineering/PW	Infrastructure	California St. Reconstruction	Falling roadway; aesthetic improvement of Downtown corridor	20+	\$340,000	Measure C
Fire	Equipment	Personal Protective Equipment	Replacement of PPE for Reserves; 15 sets	NA	\$44,775	Ambulance/Fire
Fire/Ambulance	Equipment	Computer Replacement	Computer Replacements	5	\$1,500	Ambulance/Fire
Fire/Ambulance	Equipment	SCBA Bottle Replacement	Current Bottles No Longer usable in 2017	Varies	\$28,410	Ambulance/Fire
Parks	Programs	Capital Fund	Funds to be used for Parks/ Rec projects	Varies	\$500,000	General Fund
Police	Vehicle	Patrol Car	Purchase and upfit of one new patrol vehicle	Varies	\$400,000	General Fund
Pool	Equipment	Sand Filter Replacement	Replace Sand Filters (6 total, replacement of one per year)	25	\$18,000	General Fund
Public Works	Equipment	Flag Replacement	Swedish/US Flag Replacements	Varies	\$3,000	General Fund
Public Works	Infrastructure	Annual Street Striping	Refresh/replace of striping will enhance safety	Varies	\$20,000	LTF 8
Public Works	Vehicle	F-150 Truck	Replacement of Truck used by Streets/Water	22	\$24,000	Water Enterprise
Public Works	Infrastructure	Draper St. Sidewalk Repair	North side of Draper Sidewalk Repair; removal of brick; replacement of slabs, stamped concrete	15	\$41,000	Measure C/Water Enterprise
Water Enterprise	Equipment	Vehicle Diagnostic Scanner Replacement	Vehicle Diagnostic Scanner Replacement	10	\$5,000	Water Enterprise
Water Enterprise	Equipment	Dump Trailer	Dump Trailer	10	\$8,500	Water Enterprise
Water Enterprise	Equipment	Emergency Generators	Maintenance of Emergency Generators for Facilities	Varies	\$5,200	Water Enterprise
Water Enterprise	Management	Urban Water Management Plan	Update 2010 UWMP per State requirement	5	\$25,000	Water Enterprise
Water Enterprise	Infrastructure	Valve Replacement	Valve Replacement in Downtown District	25+	\$50,000	Water Enterprise

General Fund \$191,000  
 Water Fund \$137,700  
 LTF 8 \$736,300  
 Measure C \$382,400  
 Ambulance \$74,685

Capital Improvement Fund - Future Years							Total 16-17 Request	\$1,524,085
Department	Type of Request	Item Description	Purpose	Age of Item(Year)	Cost	Funding Source		
City Hall	Equipment	Computer Replacement	Replace Computers as needed	Varies	\$3,500	General Fund		
Engineering/PW	Infrastructure	Sewer Upgrade	10th Ave Sewer Upgrade North of Harold (12" - 15")		\$148,000	SKF K Funds		
Engineering/PW	Infrastructure	Sewer Upgrade	18th Ave Sewer Upgrade (10" - 12")	25+	\$760,160	SKF K Funds		
Fire	Software	Tablet Replacement	Additional tablet for engine	NA	\$4,500	GF		
Fire	Vehicle	Chief Vehicle	Replacement of Chief's Vehicle	14	\$55,000	GF/Fire		
Fire	Equipment	Gurney for new ambulance	New electric gurney	New	\$17,400	GF/Fire		
Fire	Equipment	Hose Replacement	Replace per 10 year standard	10 at replacement	\$4,200	GF/Fire		
Fire	Vehicle	Engine Replacement	Atari Truck Replacement	20+	\$950,000	GF/Bond		
Fire/Ambulance	Software	Equipment	Replace aging radios	NA	\$3,400	GF		
Parks	Facility	Playground add at Athwal Park	Add playground area	New	\$335,000	Capital Facilities		
Planning	Document	Municipal Service Review	MSK for LAFCO.	NA	\$3,000	General Fund		
Police	Vehicle	Patrol Cars	Plan Update for consistency	5	\$6,000	General Fund		
Police	Software	Property/Evidence Software	Replacement of old vehicles with new (5 additional)	Varies	\$40,000	General Fund		
Police	Equipment	Computer Replacement	Property/Evidence Management	NA	\$10,000	General Fund		
Police	Infrastructure	Parking Lot Lighting	Improve parking lot lighting for security purposes	Varies	\$7,500	General Fund		
Police	Equipment	Tasers	New Taser purchase (2)	Varies	\$2,600	General Fund		
Police	Equipment	Ammunition	Pistol/Rifle ammunition	NA	\$5,425	General Fund		
Police	Equipment	Old Equipment Removal	Removal of old Dispatch equipment	25+	\$1,800	General Fund		
Pool	Infrastructure	Depth Marker Replacement	Demo and rebuild per health code	NA	\$10,000	GF/Pool		
Pool	Facility	Replaster Pool	Replaster, replace edges and tiles	25+	\$500,000	GF/Pool		
Pool	Equipment	Filtration System Replacement	Replacement of filter tanks	NA	\$100,000	GF/Pool		
Pool	Infrastructure	Exterior Repair	Maintenance	NA	\$26,000	GF/Pool		
Pool	Facility	Shade Structure Expansion	Expansion for additional shade	NA	\$20,000	GF/Pool		
Pool	Equipment	Guard Stand Replacement	Replacement	NA	\$20,000	GF/Pool		
Public Works	Infrastructure	Annual Street Striping	Refresh/replace of striping will enhance safety	NA	\$20,000	Measure C/LTF 8		
Public Works	Infrastructure	Street Sign Maintenance	Maintenance to damaged City sidewalks (annual)	NA	\$15,000	Measure C - ADA		
Senior Center	Facility	Kitchen Refurbishment	Replace/Reface worn street signs	Varies	\$25,000	GF/Special Revenue		
Senior Center	Facility	Window Replacement	Replace cabinets and flooring	NA	\$30,000	GF/Senior Center		
Water Dept.	Infrastructure	Permanent Chlorination	Replace I-pane windows	NA	\$30,000	GF/Senior Center		
Water Dept.	Infrastructure	Continued Replacement of Necessary Lines	Potential State Mandate	New	\$750,000	Water Enterprise		
Water Dept.	Infrastructure	Well Site Control Panel Structures	Maintenance of system (annual)	Varies	\$50,000	Water Enterprise		
Water Dept.	Infrastructure		Construct structures at seven well sites to protect electrical equipment.	New	\$200,000	Water Enterprise		

Total Future Requests \$4,148,485

**Capital Improvement Fund 2015-2016**

Department	Type of Request	Item Description	Purpose	Age of Item (Year)	Cost	Funding Source	Status
Ambulance	Vehicle	New Ambulance	New Chassis, use of existing box	12	\$235,000	GF - land sale proceeds	Complete
Building/Planning Dept	Software	Building Permit/Code Enforcement Tracking	Software system for improved tracking and efficiency	New	\$5,000	GF	Complete
City Hall	Software	Business license tracking program	Improve overall operations, increase efficiency and remove annual maintenance fee.	NA	\$5,000	GF	Complete
City Hall/Water Dept.	Software	New Accounts Payable, Utility Billing Software	Current system is antiquated and difficult to manipulate for more flexibility. Annual fees are excessive	10	\$65,000	GF/Water/Solid Waste	In progress/complete in May
Debt Payment	Operational	Building Dept. Debt Payment	Zero Building Fund/Close Out Enterprise	NA	\$400,000	General Fund	Complete
Fire	Equipment	Personal Protective Equipment	Replacement of PPE for Reserves	NA	\$15,000	GF/Fire	Deferred to 2016-17
Fire	Equipment	Gurney for new ambulance	New electric gurney	New	\$17,400	GF/Fire	Deferred to 2016-17
Police	Vehicle	Patrol Cars	Replacement of old vehicles with four (4) new	Varies	\$176,000	GF - land sale proceeds	Complete - 6 new in use
Pool	Facility	Shower Demo and Rebuild	Bring Showers up to health and ADA code	20+	\$25,000	GF/Pool	Complete
Public Works	Infrastructure	Street Reconstruction	Provide local match for federally funded street projects	Varies	\$105,000	Measure C/LTF 8	In progress
Public Works	Infrastructure	Annual Street Striping	Refresh/replace of striping will enhance safety	Varies	\$20,000	Measure C/LTF 8	Complete
Public Works	Equipment	Ice Machine	Replace failing ice machine used in summer months	20+	\$3,000	LTF 8	Deferred to 2016-17
Public Works	Infrastructure	Sidewalk Repairs	Maintenance to damaged City sidewalks	NA	\$20,000	Measure C - ADA	Complete
Water Dept.	Infrastructure	Re-route water services from Davis St. alley to Simpson Street between Earl and Draper St.		60+	\$165,000	Water Enterprise	Complete
Water Dept.	Vehicle	Utility Vehicle	Replace deteriorated infrastructure	16	\$30,000	Water Enterprise	Complete

General Fund	\$913,400	
Water Fund	\$220,000	
Special Funds	\$153,000	\$1,286,400
<b>Total 15-16 Request</b>		<b>\$1,286,400</b>

# CITY OF KINGSBURG STREET PROJECTS 2005-2016

